ANNUAL FINANCIAL REPORT
DECATUR COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2010

TENNESSEE
COMPTROLLER
OF THE TREASURY

ANNUAL FINANCIAL REPORT

DECATUR COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2010

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This financial report is available at www.tn.gov/comptroller

DECATUR COUNTY, TENNESSEE
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Audit Highlights

Annual Financial Report
Decatur County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Decatur County as of and for the year ended June 30, 2010.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in ten findings and recommendations, which we have reviewed with Decatur County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings and Best Practice

The following are summaries of the audit findings and best practice:

DECATUR COUNTY AND DECATUR COUNTY SCHOOL DEPARTMENT

- Decatur County and the Decatur County School Department do not have the resources to produce financial statements and notes to the financial statements.

OFFICE OF COUNTY MAYOR

- The General Fund had a deficit in unreserved fund balance.
- The office had deficiencies in budget operations.
- Tax anticipation notes were not retired in compliance with state statutes.
- Insurance payroll liability accounts were not reconciled monthly.

OFFICE OF SHERIFF

- Some funds were not deposited within three days of collection.
- The office had numerous accounting deficiencies.

OTHER FINDINGS

- Decatur County has material recurring audit findings.
- Certain financial activity of the Decatur County Public Library was not audited and was not subject to the budgetary control of the County Commission.
- Duties were not segregated adequately in the Offices of County Mayor, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register.

BEST PRACTICE

Decatur County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Decatur County.

INTRODUCTORY SECTION

Decatur County Officials
June 30, 2010

Officials

Jason Scott, County Mayor
David Keeton, Road Supervisor
Michael Price, Ed. D., Director of Schools
Janis Wright Boyd, Trustee
Randy Smith, Assessor of Property
Gwen Pope, County Clerk
Danny Tanner, Circuit and General Sessions Courts Clerk
Elizabeth Carpenter, Clerk and Master
Don Davis, Register
Roy Wyatt, Sheriff

Board of County Commissioners

Jason Scott, County Mayor, Chairman
David Boroughs
Mike Box
Johnny Burns
Don Funderburk
Dwight Hale
Joe Keeton
Jimmy Kelly
Mickey Mays
Rose Moore
Wayne Odle
Mary Will Roberts
Carlton Sanders
Danny Sparks
Gale Swift
Bobby Swindle
Mary Ella Teague
Judy Tucsnak
Carl White

Board of Education

Robert Bibbs, Chairman
Art Bawcum
Bradley Dodd
Tom Haggard
Allen Hays
Dwight Lancaster
J. Wayne Stanfill
Rebecca Stanfill
Jimmy Tate

FINANCIAL SECTION

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

December 8, 2010

Decatur County Mayor and
Board of County Commissioners
Decatur County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Decatur County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Decatur County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Decatur County Emergency Communications District, which represent 3.7 percent and 1.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Decatur County Emergency Communications District, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as

evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

The financial statements of the Decatur County General Hospital, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Decatur County General Hospital, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Decatur County General Hospital, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Decatur County, Tennessee, as of June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2010, on our consideration of Decatur County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.C., Decatur County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 60 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Decatur County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Decatur County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Decatur County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Basic Financial Statements

Exhibit A

Decatur County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Government	Component Units	
	Governmental Activities	Decatur County School Department	Decatur County Emergency Communications District
ASSETS			
Cash	$ 621	$ 0	$ 291,419
Equity in Pooled Cash and Investments	1,013,517	3,541,050	0
Accounts Receivable	9,057	26,286	5,836
Due from Other Governments	570,918	415,489	0
Due from Component Units	172,741	0	0
Property Taxes Receivable	2,617,817	1,550,355	0
Allowance for Uncollectible Property Taxes	(79,398)	(55,794)	0
Other Current Assets	0	0	140
Deferred Charges - Debt Issuance Costs	299,846	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,593,324	239,448	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,439,055	7,155,778	0
Infrastructure	3,114,469	0	265,341
Other Capital Assets	1,184,077	1,727,316	0
Total Assets	$ 17,936,044	$ 14,599,928	$ 562,736
LIABILITIES			
Accounts Payable	$ 59,193	$ 35,462	$ 0
Payroll Deductions Payable	43,270	257,327	0
Accrued Interest Payable	114,061	0	0
Due to Primary Government	0	103,663	0
Due to State of Tennessee	5,586	319	0
Deferred Revenue - Current Property Taxes and Other	2,458,705	1,424,451	0
Health Insurance Payments	0	9,316	0
Cafeteria Salaries and Benefits	0	439	0
Noncurrent Liabilities:			
Due Within One Year	1,260,579	61,099	0
Due in More Than One Year (net of deferred amount on refunding)	14,882,836	424,011	0
Total Liabilities	$ 18,824,230	$ 2,316,087	$ 0
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ 3,938,702	$ 8,817,046	$ 0
Invested in Capital Assets	0	0	265,341
Restricted for:			
Solid Waste	8,657	0	0
Drug Control	4,087	0	0
Highway/Public Works	482,607	0	0
Capital Projects	55,284	0	0
Debt Service	611,402	0	0
Resort District	290,881	0	0
Jail, Workhouse, or Courthouse	180,995	0	0
School Federal Projects	0	22,277	0
Other Purposes	37,800	1,838	0
Unrestricted	(6,498,601)	3,442,680	297,395
Total Net Assets (Deficit)	$ (888,186)	$ 12,283,841	$ 562,736

The notes to the financial statements are an integral part of this statement.

Exhibit B

Decatur County, Tennessee
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Component Units: Decatur County School Department	Net (Expense) Revenue and Changes in Net Assets: Component Units: Decatur County Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	$ 548,247	$ 59,813	$ 16,380	$ 0	$ (472,054)	$ 0	$ 0
Finance	458,115	277,853	6,447	0	(173,815)	0	0
Administration of Justice	452,737	351,093	9,000	0	(92,644)	0	0
Public Safety	2,599,095	299,684	427,856	49,503	(1,822,052)	0	0
Public Health and Welfare	435,338	77,942	51,539	0	(305,857)	0	0
Social, Cultural, and Recreational Services	408,878	108,729	21,984	0	(278,165)	0	0
Agriculture and Natural Resources	48,372	0	0	0	(48,372)	0	0
Other Operations	172,536	0	0	11,635	(160,901)	0	0
Highways/Public Works	1,411,130	303	1,422,146	17,774	29,093	0	0
Interest on Long-term Debt	677,410	0	737,407	0	59,997	0	0
Other Debt Service	25,427	0	0	0	(25,427)	0	0
Total Primary Government	$ 7,237,285	$ 1,175,417	$ 2,692,759	$ 78,912	$ (3,290,197)	$ 0	$ 0
Component Units:							
Decatur County School Department	$ 13,349,352	$ 103,098	$ 2,211,328	$ 0	$ 0	$ (11,034,926)	$ 0
Decatur County Emergency Communications District	194,219	186,043	0	0	0	0	(8,176)
Total Component Units	$ 13,543,571	$ 289,141	$ 2,211,328	$ 0	$ 0	$ (11,034,926)	$ (8,176)

(Continued)

Exhibit B

Decatur County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total Governmental Activities	Component Units: Decatur County School Department	Component Units: Decatur County Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					$ 1,660,774	$ 1,529,332	$ 0
Property Taxes Levied for Debt Service					83,001	0	0
Local Option Sales Taxes					353,774	947,757	0
Wholesale Beer Tax					209,839	0	0
Wheel Tax					189,702	0	0
Litigation Tax					75,217	0	0
Business Tax					84,260	0	0
Mineral Severance Tax					71,954	0	0
Other Local Taxes					37,405	194,223	0
Grants and Contributions Not Restricted to Specific Programs					580,101	8,656,013	28,374
Unrestricted Investment Income					59,192	7,532	2,454
Miscellaneous					17,890	106	0
Total General Revenues					$ 3,423,109	$ 11,334,963	$ 30,828
Change in Net Assets					$ 132,912	$ 300,037	$ 22,652
Net Assets (Deficit), July 1, 2009					(1,021,098)	11,983,804	540,084
Net Assets (Deficit), June 30, 2010					$ (888,186)	$ 12,283,841	$ 562,736

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Decatur County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 621	$ 621
Equity in Pooled Cash and Investments	509,173	219,807	175,668	108,869	1,013,517
Accounts Receivable	7,958	951	0	148	9,057
Due from Other Governments	231,809	265,097	74,012	0	570,918
Due from Other Funds	1,107	0	295,952	0	297,059
Due from Component Units	0	0	172,741	0	172,741
Property Taxes Receivable	2,003,698	0	363,366	250,753	2,617,817
Allowance for Uncollectible Property Taxes	(63,152)	0	(8,254)	(7,992)	(79,398)
Total Assets	$ 2,690,593	$ 485,855	$ 1,073,485	$ 352,399	$ 4,602,332
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 57,680	$ 0	$ 0	$ 1,513	$ 59,193
Payroll Deductions Payable	42,066	0	0	1,204	43,270
Due to Other Funds	250,000	0	0	47,059	297,059
Due to State of Tennessee	5,109	0	0	477	5,586
Deferred Revenue - Current Property Taxes	1,873,317	0	351,270	234,118	2,458,705
Deferred Revenue - Delinquent Property Taxes	61,348	0	3,506	7,887	72,741
Other Deferred Revenues	47,542	125,083	213,412	0	386,037
Total Liabilities	$ 2,337,062	$ 125,083	$ 568,188	$ 292,258	$ 3,322,591
Fund Balances					
Reserved for Resort District	$ 290,881	$ 0	$ 0	$ 0	$ 290,881
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	180,995	0	0	0	180,995
Reserved for Sexual Offender Registration	3,212	0	0	0	3,212
Reserved for Courtroom Security	308	0	0	0	308
Reserved for Victims Assistance Programs	13,931	0	0	0	13,931
Reserved for Computer System - Register	3,957	0	0	0	3,957
Reserved for Automation Purposes - General Sessions Court	10,606	0	0	0	10,606
Reserved for Automation Purposes - Chancery Court	3,104	0	0	0	3,104
Reserved for Automation Purposes - Sheriff	1,597	0	0	0	1,597
Reserved for Automation Purposes - County Clerk	1,085	0	0	0	1,085
Unreserved, Reported In:					
General Fund (Deficit)	(156,145)	0	0	0	(156,145)
Special Revenue Funds	0	360,772	0	4,857	365,629
Debt Service Funds	0	0	505,297	0	505,297
Capital Projects Funds	0	0	0	55,284	55,284
Total Fund Balances	$ 353,531	$ 360,772	$ 505,297	$ 60,141	$ 1,279,741
Total Liabilities and Fund Balances	$ 2,690,593	$ 485,855	$ 1,073,485	$ 352,399	$ 4,602,332

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Decatur County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2010

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 1,279,741
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 1,593,324	
Add: buildings and improvements net of accumulated depreciation	7,439,055	
Add: infrastructure net of accumulated depreciation	3,114,469	
Add: other capital assets net of accumulated depreciation	1,184,077	13,330,925
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	$ (15,805,000)	
Less: notes payable	(222,176)	
Less: capital leases payable	(11,269)	
Add: deferred charges - debt issuances costs	299,846	
Add: other deferred charges - discount on debt	6,205	
Less: other deferred revenue - premium on debt	(24,829)	
Less: compensated absences payable	(44,214)	
Less: accrued interest on bonds, notes, and capital leases	(114,061)	
Less: other postemployment benefits liability	(42,132)	(15,957,630)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		458,778
Net assets of governmental activities (Exhibit A)		$ (888,186)

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Decatur County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 2,154,512	$ 33,272	$ 399,252	$ 186,533	$ 2,773,569
Licenses and Permits	7,027	0	0	0	7,027
Fines, Forfeitures, and Penalties	78,983	0	0	4,896	83,879
Charges for Current Services	176,864	0	0	89,253	266,117
Other Local Revenues	12,182	7,914	59,192	22,170	101,458
Fees Received from County Officials	514,130	0	0	0	514,130
State of Tennessee	1,245,093	1,423,057	14,913	36,344	2,719,407
Federal Government	50,801	17,774	0	0	68,575
Other Governments and Citizens Groups	113,810	0	736,484	0	850,294
Total Revenues	$ 4,353,402	$ 1,482,017	$ 1,209,841	$ 339,196	$ 7,384,456
Expenditures					
Current:					
General Government	$ 428,274	$ 0	$ 0	$ 0	$ 428,274
Finance	362,164	0	0	0	362,164
Administration of Justice	334,845	0	0	33,322	368,167
Public Safety	2,114,817	0	0	3,562	2,118,379
Public Health and Welfare	86,523	0	0	278,418	364,941
Social, Cultural, and Recreational Services	324,491	0	0	0	324,491
Agriculture and Natural Resources	46,739	0	0	0	46,739
Other Operations	723,358	0	0	57,722	781,080
Highways	0	1,097,962	0	0	1,097,962
Debt Service:					
Principal on Debt	0	315,000	1,050,681	2,767	1,368,448
Interest on Debt	0	46,541	642,541	1,419	690,501
Other Debt Service	0	0	10,915	0	10,915
Total Expenditures	$ 4,421,211	$ 1,459,503	$ 1,704,137	$ 377,210	$ 7,962,061
Excess (Deficiency) of Revenues Over Expenditures	$ (67,809)	$ 22,514	$ (494,296)	$ (38,014)	$ (577,605)
Other Financing Sources (Uses)					
Notes Issued	$ 0	$ 0	$ 0	$ 61,275	$ 61,275
Insurance Recovery	10,607	4,062	0	22,903	37,572
Total Other Financing Sources (Uses)	$ 10,607	$ 4,062	$ 0	$ 84,178	$ 98,847
Net Change in Fund Balances	$ (57,202)	$ 26,576	$ (494,296)	$ 46,164	$ (478,758)
Fund Balance, July 1, 2009	410,733	334,196	999,593	13,977	1,758,499
Fund Balance, June 30, 2010	$ 353,531	$ 360,772	$ 505,297	$ 60,141	$ 1,279,741

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Decatur County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		$ (478,758)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	$ 24,601	
Less: current year depreciation expense	(682,942)	(658,341)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2010	$ 458,778	
Less: deferred delinquent property taxes and other deferred June 30, 2009	(428,960)	29,818
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	$ (61,275)	
Add: change in premium on debt issuances	923	
Less: change in deferred debt issuance costs	(14,145)	
Less: change in discount on debt issuances	(367)	
Add: principal payments on notes	23,225	
Add: principal payments on bonds	1,265,000	
Add: principal payments on capital leases	35,223	1,248,584
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	$ 13,091	
Change in compensated absences payable	8,815	
Change in other postemployment benefits liability	(30,297)	(8,391)
Change in net assets of governmental activities (Exhibit B)		$ 132,912

The notes to the financial statements are an integral part of this statement.

Exhibit D

Decatur County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	Agency Funds
ASSETS	
Cash	$ 476,034
Due from Other Governments	57,726
Total Assets	$ 533,760
LIABILITIES	
Due to Other Taxing Units	$ 57,726
Due to Litigants, Heirs, and Others	476,034
Total Liabilities	$ 533,760

The notes to the financial statements are an integral part of this statement.

DECATUR COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Decatur County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Decatur County:

A. Reporting Entity

Decatur County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Decatur County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Decatur County School Department operates the public school system in the county, and the voters of Decatur County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Decatur County General Hospital provides health care and emergency medical services to the citizens of Decatur County, and the Decatur County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Decatur County is obligated to retire any debt issued by the Decatur County General Hospital in the event of default by the hospital. The financial statements of the Decatur County General Hospital were not available from other auditors in time for inclusion in this report.

The Decatur County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Decatur County, and the Decatur County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of

most debt instruments, the district must obtain the County Commission's approval.

The Decatur County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Decatur County General Hospital were not available in time for inclusion, as previously mentioned. Complete financial statements of the Decatur County General Hospital and the Decatur County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Decatur County General Hospital
1200 Tennessee Avenue
Parsons, TN 38363

Decatur County Emergency Communications District
P.O. Box 628
Decaturville, TN 38329

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and inter-governmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Decatur County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Decatur County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other

items not properly included among program revenues are reported instead as general revenues.

Decatur County issues all debt for the discretely presented Decatur County School Department.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Decatur County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Decatur County has no proprietary funds to report.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are also reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Decatur County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of

accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Decatur County reports the following major governmental funds:

General Fund – This is the county's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This fund accounts for transactions of the county's Highway Department.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Decatur County reports the following fund types:

Capital Projects Fund – The Community Development/Industrial Park Fund is used to purchase land for an industrial park.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Decatur County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Decatur County School Department reports the following major governmental funds:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

School Federal Projects Fund – This fund accounts for restricted federal revenues, which must be expended on specific education programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Decatur County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service and General Purpose School funds. Decatur County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities

and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.87 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivables are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the

following March 1. Suit must be filed in Circuit Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $5,000 or more (buildings and improvements, equipment, and infrastructure at $10,000) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 30
Infrastructure:	
Roads	10 - 20
Bridges	15 - 30

4. Compensated Absences

It is the policy of Decatur County's general government (excluding the Highway Department) to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Decatur County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the county. A liability for vacation

pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The Decatur County Highway Department's personnel policy does not provide for employees to accumulate vacation or sick leave days beyond the end of the fiscal year. Therefore, accrual or recording is not required.

The general policy of the School Department permits the unlimited accumulation of unused sick leave days for professional personnel (teachers). There is no provision for accumulating vacation days. The granting of sick leave has no guaranteed payment attached, and therefore, requires no accrual or recording.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The government-wide Statement of Net Assets reports $1,671,713 of restricted net assets, of which $290,881 is restricted by enabling legislation.

As of June 30, 2010, Decatur County had $6,365,000 in outstanding debt for capital purposes for the discretely presented Decatur County School Department. This debt is a liability of Decatur County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Decatur County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented Decatur County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net changes in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Decatur County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net changes in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

B. Fund Deficit

The General Fund had a deficit in unreserved fund balance of $156,145 at June 30, 2010. This deficit resulted from continued spending while revenues failed to meet projections, and certain amounts of fund balance were being legally restricted.

C. Expenditures Exceeded Appropriations

Expenditures of the General, Solid Waste/Sanitation, and General Debt Service funds exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

Fund	Major Appropriation Category	Amount Overspent
General	Beer Board	$ 150
	General Sessions Judge	4,958
"	Jail	3,717
"	Civil Defense	983
"	Other Emergency Management	30,896
"	County Coroner/Medical Examiner	14,849
"	Veteran's Services	17
"	Other Charges	13,714
Solid Waste/Sanitation	Sanitation Management	1,624
"	Convenience Centers	692
"	Other Charges	43
General Debt Service	General Government - Interest	103

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Decatur County and the Decatur County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2010.

B. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	$ 1,593,324	$ 0	$ 0	$ 1,593,324
Total Capital Assets Not Depreciated	$ 1,593,324	$ 0	$ 0	$ 1,593,324
Capital Assets Depreciated:				
Buildings and Improvements	$ 8,852,089	$ 0	$ 0	$ 8,852,089
Infrastructure	4,273,296	0	0	4,273,296
Other Capital Assets	3,256,017	24,601	78,714	3,201,904
Total Capital Assets Depreciated	$ 16,381,402	$ 24,601	$ 78,714	$ 16,327,289
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 1,194,444	$ 218,590	$ 0	$ 1,413,034
Infrastructure	928,188	230,639	0	1,158,827
Other Capital Assets	1,862,828	233,713	78,714	2,017,827
Total Accumulated Depreciation	$ 3,985,460	$ 682,942	$ 78,714	$ 4,589,688
Total Capital Assets Depreciated, Net	$ 12,395,942	$ (658,341)	$ 0	$ 11,737,601
Governmental Activities Capital Assets, Net	$ 13,989,266	$ (658,341)	$ 0	$ 13,330,925

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Administration	$ 33,944
Finance	2,146
Administration of Justice	3,997
Public Safety	246,919
Public Health and Welfare	26,582
Social, Cultural, and Recreational Services	40,983
Agriculture and Natural Resources	984
Other Operations	157
Highways/Public Works	327,230
Total Depreciation Expense - Governmental Activities	$ 682,942

Discretely Presented Decatur County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	$ 239,448	$ 0	$ 0	$ 239,448
Total Capital Assets Not Depreciated	$ 239,448	$ 0	$ 0	$ 239,448
Capital Assets Depreciated:				
Buildings and Improvements	$ 14,087,763	$ 211,692	$ 403,201	$ 13,896,254
Other Capital Assets	2,466,361	451,148	231,847	2,685,662
Total Capital Assets Depreciated	$ 16,554,124	$ 662,840	$ 635,048	$ 16,581,916
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 6,636,639	$ 495,984	$ 392,147	$ 6,740,476
Other Capital Assets	1,015,430	172,704	229,788	958,346
Total Accumulated Depreciation	$ 7,652,069	$ 668,688	$ 621,935	$ 7,698,822

Governmental Activities (Cont.):

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Total Capital Assets Depreciated, Net	$ 8,902,055	$ (5,848)	$ 13,113	$ 8,883,094
Governmental Activities Capital Assets, Net	$ 9,141,503	$ (5,848)	$ 13,113	$ 9,122,542

Depreciation expense was charged to functions of the discretely presented Decatur County School Department as follows:

Governmental Activities:

Instruction	$ 421,934
Support Services	192,792
Operation of Non-Instructional Services	53,962
Total Depreciation Expense - Governmental Activities	$ 668,688

C. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 1,107
General Debt Service	General	250,000
General Debt Service	Nonmajor governmental	45,952
Discretely Presented School Department:		
General Purpose School	School Federal Projects	1,045

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Units:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
General Debt Service	School Department	$ 103,663
General Debt Service	General Hospital	69,078
Total		$ 172,741

D. Capital Leases

On August 27, 2008, Decatur County entered into a three-year lease-purchase agreement for a Sheriff's Department vehicle. The terms of the agreement require total lease payments of $22,589 plus interest of 6.95 percent. Title to the vehicle transfers to Decatur County at the end of the lease period. The lease payments are made from the General Debt Service Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	$ 6,228
2012	6,229
Total Minimum Lease Payments	$ 12,457
Less: Amount Representing Interest	(1,188)
Present Value of Minimum Lease Payments	$ 11,269

E. Long-term Debt

Primary Government

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to

30 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2010, will be retired from the Solid Waste/Sanitation, Highway/Public Works and General Debt Service funds.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
G.O. Improvement Bonds	2.2 to 4.14 %	$ 6,520,000	$ 6,245,000
G.O. Bonds - Refunding	1.45 to 4.25	14,560,000	9,560,000
Notes Payable	3.5 to 4.05	306,775	222,176
Capital Lease	6.95	22,589	11,269

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2010, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	$ 1,205,000	$ 583,673	$ 1,788,673
2012	1,250,000	544,801	1,794,801
2013	1,315,000	503,250	1,818,250
2014	1,360,000	458,810	1,818,810
2015	1,065,000	411,966	1,476,966
2016-2020	4,040,000	1,487,451	5,527,451
2021-2025	1,840,000	995,396	2,835,396
2026-2030	1,595,000	622,536	2,217,536
2031-2035	1,460,000	332,349	1,792,349
2036-2037	675,000	43,351	718,351
Total	$ 15,805,000	$ 5,983,583	$ 21,788,583

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2011	$ 24,729	$ 8,636	$ 33,365
2012	24,879	7,658	32,537
2013	25,043	6,665	31,708
2014	25,208	5,671	30,879
2015	25,380	4,671	30,051
2016-2020	88,772	8,968	97,740
2021-2022	8,165	208	8,373
Total	$ 222,176	$ 42,477	$ 264,653

There is $505,297 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled $1,347, based on the 2000 federal census. Debt per capita, including bonds, notes, and capital leases, totaled $1,367, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2009	$ 17,070,000	$ 184,126	$ 46,492
Additions	0	61,275	0
Deductions	(1,265,000)	(23,225)	(35,223)
Balance, June 30, 2010	$ 15,805,000	$ 222,176	$ 11,269
Balance Due Within One Year	$ 1,205,000	$ 24,729	$ 5,445

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	$ 53,029	$ 11,835
Additions	29,719	33,029
Deductions	(38,534)	(2,732)
Balance, June 30, 2010	$ 44,214	$ 42,132
Balance Due Within One Year	$ 25,405	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	$ 16,124,791
Less: Balance Due Within One Year	(1,260,579)
Add: Unamortized Premium on Debt	24,829
Less: Deferred Discount on Debt	(6,205)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 14,882,836

Compensated absences will be paid from the employing funds, which are the General and Solid Waste/Sanitation funds. Other postemployment benefits will be paid from the employing funds, primarily the General Fund.

Discretely Presented Decatur County School Department

The county issued a capital outlay note on behalf of the School Department to provide funds for school energy efficiency improvements. Capital outlay notes can also be issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. The capital outlay note was issued for original terms of up to seven years. The capital outlay note outstanding as of June 30, 2010, will be retired from the General Purpose School Fund.

The capital outlay note outstanding as of June 30, 2010, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Capital Outlay Note	0%	$ 427,694	$ 305,496

The annual requirements to amortize the note outstanding as of June 30, 2010, are presented in the following table:

Year Ending June 30	Note Principal
2011	$ 61,099
2012	61,099
2013	61,099
2014	61,099
2015	61,100
Total	$ 305,496

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Decatur County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Notes	Other Postemployment Benefits
Balance, July 1, 2009	$ 366,595	$ 122,030
Additions	0	101,290
Deductions	(61,099)	(43,706)
Balance, June 30, 2010	$ 305,496	$ 179,614
Balance Due Within One Year	$ 61,099	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	$ 485,110
Less: Balance Due Within One Year	(61,099)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 424,011

Other postemployment benefits will be paid from the employing funds, the General Purpose School and School Federal Projects funds.

F. Pledges of Future Revenues

Local Option Sales Tax Revenues Pledged

In 1997, the citizens of Decatur County voted to increase the local option sales tax rate from 1.5 percent to 2.5 percent. Decatur County, City of Parsons, City of Decaturville, City of Scotts Hill, and the Decatur County School Department have pledged their additional sales tax collections generated from the one percent increase to repay $10 million in general obligation bonds issued in June 1998 to finance the construction of new school buildings. The bonds are also guaranteed by the county in the event the additional sales tax revenues are insufficient to meet the debt service requirements on the bonds. Total principal and interest requirements for the bonds are $7,421,592, payable semiannually through June 2018. For the current year, principal and interest paid and sales tax revenues generated by the increase were $938,583 and $724,939, respectively.

G. On-Behalf Payments – Discretely Presented Decatur County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Decatur County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were $32,171 and $7,732, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Decatur County had unpaid short-term financing from 2007-08 and 2008-09 that was not retired as required by state statute. The unpaid short-term financing of $295,952 has been reflected in the financial statements of this report as due to/from other funds. Short-term debt activity for the year ended June 30, 2010, was as follows:

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
Tax and Revenue Anticipation Notes	$ 495,952	$ 0	$ (200,000)	$ 295,952

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

The county is exposed to various risks related to general liability, property, and casualty losses. The county participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding $100,000 for each insured event.

Decatur County provides health insurance coverage to its general government employees (excluding the Highway Department) through the

Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The county continues to carry commercial insurance for the Highway Department for all other risks of loss, including employee health and accident. Retirees are not allowed to continue coverage in this commercial plan. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Workers' Compensation Insurance

The county participates in the Local Government Workers' Compensation Fund (LGWCF), which is a public entity risk pool established under the provisions of Section 29-20-401, TCA, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding $300,000.

Discretely Presented Decatur County School Department

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Trust Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Employee Health Insurance

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any

risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

B. Risk Financing Activities

Decatur County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Decatur County's share of this second assessment totaled $15,748.

C. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Decatur County had no assets that met the definition of intangible assets as of June 30, 2010. However, it is reasonably expected that Decatur County may acquire intangible assets in subsequent years.

GASB Statement No. 53, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statements No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risks management and investment tools. For the same reasons, derivative instruments can expose governments to significant risks and

liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Decatur County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investments purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Decatur County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Decatur County may enter into derivative transactions in subsequent years.

D. Subsequent Events

On August 31, 2010, Jason Scott left the Office of County Mayor and was succeeded by Michael Smith.

On September 14, 2010, Decatur County issued revenue anticipation notes for the General ($600,000) and Solid Waste/Sanitation ($50,000) funds.

E. Contingent Liabilities

Decatur County is contingently liable for certain Hospital Revenue and Tax Refunding Bonds, Series 1999, of the Decatur County General Hospital. Decatur County would become liable for these bonds and the interest thereon in the event of default by the hospital. The principal of these revenue bonds is reflected on the financial statements of the Decatur County General Hospital. As of June 30, 2010, future principal and interest requirements were $1,110,000 and $286,296, respectively.

Decatur County is contingently liable for a state revolving fund loan of the Benton-Decatur Special Sewer District. Decatur County would become liable for this loan and the interest thereon in the event of default by the sewer district. As of June 30, 2010, future principal and interest requirements were $1,031,093 and $152,692, respectively.

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

F. Join Ventures

The Benton-Decatur Special Sewer District was created through a joint agreement between Benton and Decatur counties. The agreement established the Benton-Decatur Special Sewer District Management Board to plan, construct, and manage a public sewer system for residents of Benton and

Decatur counties. The management board comprises six members, three of whom are appointed by the Benton County Mayor and three are appointed by the Decatur County Mayor. Two of the three members of the management board from each governmental entity shall be members of the respective county's Board of County Commissioners. Benton and Decatur counties share equally in providing the annual operating budget of the Special Sewer District. Decatur County has control over budgeting and financing the joint venture only to the extent of representation by the three board members appointed.

The Beech River Regional Airport was established through a joint operations agreement between Decatur County, Henderson County, the City of Parsons, and the City of Lexington. The agreement created the Beech River Regional Airport Board to plan, develop, and maintain a regional airport that will economically benefit all residents of the two-county area. The board comprises nine members, two from each governmental unit and one appointed by the governmental entities on a yearly rotation basis. Each participant retains a 25 percent ownership in the airport. During the year ended June 30, 2010, the county appropriated an operating subsidy of $38,498 to the airport.

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Henry, Benton, Carroll, Decatur, and Decatur counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district.

Decatur County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Benton-Decatur Special Sewer District, the Beech River Regional Airport, and the Twenty-fourth Judicial District Drug Task Force can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Benton-Decatur Special Sewer District
P.O. Box 370
Parsons, TN 38363

Beech River Regional Airport
790 Hidden Hill Circle
Lexington, TN 38351

Twenty-fourth Judicial District Drug Task Force
P.O. Box 301
McKenzie, TN 38201

G. Retirement Commitments

Plan Description

Employees of Decatur County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Decatur County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at http://www.tn.gov/treasury/tcrs/PS/.

Funding Policy

Decatur County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 4.72 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, the county's annual pension cost of $158,366 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 11 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	$158,366	100%	$0
6-30-09	147,414	100	0
6-30-08	139,905	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 78.98 percent funded. The actuarial accrued liability for benefits was $3.72 million, and the actuarial value of assets was $2.94 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.78 million. The covered payroll (annual payroll of active employees covered by the plan) was $3.24 million, and the ratio of the UAAL to the covered payroll was 24.13 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The TCRS uses the frozen entry age cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

School Teachers

Plan Description

The Decatur County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were $424,445, $410,343, and $398,242, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Decatur County (excluding the Highway Department) and the School Department participate in the state-administered Local Government Group Insurance Plan and Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees and Section 8-27-207, TCA, for local governments. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at http://tn.gov/finance/act/cafr.html.

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2010, Decatur County and the discretely presented Decatur County School Department contributed $2,732 and $43,706, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	$ 101,000	$ 33,000
Interest on the NPO	5,491	533
Adjustment to the ARC	(5,201)	(504)
Annual OPEB cost	$ 101,290	$ 33,029
Less: Amount of contribution	(43,706)	(2,732)
Increase/decrease in NPO	$ 57,584	$ 30,297
Net OPEB obligation, 7-1-09	122,030	11,835
Net OPEB obligation, 6-30-10	$ 179,614	$ 42,132

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	$ 89,861	36 %	$ 57,898
6-30-09	"	91,750	30	122,030
6-30-10	"	101,290	43	179,614
6-30-08	Local Government Group	9,452	40	5,710
6-30-09	"	9,779	37	11,835
6-30-10	"	33,029	8	42,132

Funded Status and Funding Progress

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	$ 948,000	$ 193,000
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accured liability (UAAL)	$ 948,000	$ 193,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 6,964,092	$ 2,281,681
UAAL as a % of covered payroll	14%	8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and

actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2009, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was three percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA). This act provides for all purchases exceeding $10,000 to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Supervisor

Section 54-7-113, TCA, (Uniform Road Law), governs purchasing procedures for the Highway Department. This statute requires all purchases exceeding $10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Decatur County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding $10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED DECATUR COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. General Information

1. GASB Conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 - "Election of a Reporting Method" - requires the Decatur County Emergency Communications District to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of FASB regardless of the issue date for proprietary type funds. The district elected to adopt only the provisions of FASB prior to 1989.

2. Component Unit

The district provides 911 emergency assistance to persons living in Decatur County. The district is a component unit of Decatur County. Accordingly, this financial data is incorporated into the county's financial statements. The district is governed by nine members who serve staggered four-year terms. Board members are appointed by the county mayor and ratified by the Decatur County Commission. The County Commission pays for dispatchers' salaries and benefits and furnishes the district's operating headquarters. The district pays the County Commission $4/hour per district employee (as well as an additional $.84/hour for the assistant director's salary) and pays all of the salary of one employee, which is shown as contracts with governmental agencies expense.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenues and expenses are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

2. Capital Assets

All capital assets of the district are recorded at original cost, except for donated equipment, which is recorded at fair market value. Expenses, which materially increase values or capacities or extend useful lives of these assets, are capitalized while expenses for maintenance and repairs are charged to operations as incurred.

Gains and losses from the sale of capital assets are reflected in operations, and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

3. Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

4. Fund Accounting

The accounts of the district are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Funds

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis can be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Revenues

Revenues are derived from telephone customers in the area served by the district. The telephone company collects the fees on the monthly telephone bills ($.65 per residence line and $2 per business line) and remits them to the district. Revenues are also derived from wireless charges from cellular phone fees. The State of Tennessee collects these fees and remits them to the district bimonthly.

D. Risk Management

All of the district's capital assets are located in or on facilities owned by Decatur County. The district owns all office and communications equipment. The district is exposed to loss of personal property by fire, accident, or an act of God, as well as tort liabilities and errors and omissions. The district is insured against these risks under the Decatur County Mayor's commercial insurance policy. It is also named as a component unit of Decatur County for basic general liability coverage of up to $1 million per liability. The district has had no insurance settlements in excess of insurance coverage during the past three years.

E. Cash and Cash Equivalents

Cash and cash equivalents, as used in the Statement of Cash Flows, include demand deposit accounts and certificates of deposit with original maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

F. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Depreciated:			
Furniture and Fixtures	$ 32,767	$ 0	$ 32,767
Communications Equipment	379,360	0	379,360
Office Equipment	21,115	0	21,115
Total Capital Assets Depreciated	$ 433,242	$ 0	$ 433,242
Less Accumulated Depreciation For:			
Furniture and Fixtures	$ 546	$ 3,277	$ 3,823
Communications Equipment	124,199	32,876	157,075
Office Equipment	5,406	1,597	7,003
Total Accumulated Depreciation	$ 130,151	$ 37,750	$ 167,901
Total Capital Assets, Net	$ 303,091	$ (37,750)	$ 265,341

Depreciation expense of $37,750 was recorded by the district.

G. Stewardship, Compliance, and Accountability

By its nature as a local government unit, the district is subject to various federal, state, and local laws and contractual regulations. An analysis of the district's compliance with significant laws and regulations and demonstration of its stewardship over the district resources follows:

1. Deposits and Investments

The district's investment policies are governed by state statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts. The district has no policy that further limits allowable investments. At June 30, 2010, investments consisted entirely of a certificate of deposit with a local bank. Investments are carried at cost, which approximates fair value.

For deposits and investments, custodial credit risk is the risk that, in the event of a bank failure, the district's deposits may not be returned to it. The district does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. The district's deposits at year-end were not exposed to custodial credit risk due to being entirely covered by federal depository insurance.

2. Budget Appropriations

In accordance with state law, the board of the district must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, Tennessee Code Annotated. However, for financial reporting purposes, it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

The district's expenses were within appropriations at the line-item level.

H. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,154,512	$ 2,145,706	$ 2,145,706	$ 8,806
Licenses and Permits	7,027	6,400	7,100	(73)
Fines, Forfeitures, and Penalties	78,983	71,200	71,200	7,783
Charges for Current Services	176,864	206,825	231,456	(54,592)
Other Local Revenues	12,182	4,500	14,311	(2,129)
Fees Received from County Officials	514,130	488,500	488,500	25,630
State of Tennessee	1,245,093	1,316,122	1,330,081	(84,988)
Federal Government	50,801	1,200	1,200	49,601
Other Governments and Citizens Groups	113,810	96,576	100,976	12,834
Total Revenues	$ 4,353,402	$ 4,337,029	$ 4,390,530	$ (37,128)
Expenditures				
General Government				
County Commission	$ 24,132	$ 31,750	$ 30,250	$ 6,118
Board of Equalization	545	1,500	1,500	955
Beer Board	2,350	1,500	2,200	(150)
Other Boards and Committees	2,500	1,000	2,500	0
County Mayor/Executive	115,498	119,331	119,331	3,833
Personnel Office	7,704	8,200	8,200	496
County Attorney	6,888	13,000	13,000	6,112
Election Commission	101,386	106,179	106,220	4,834
Register of Deeds	83,454	86,151	86,151	2,697
County Buildings	83,817	91,428	91,428	7,611
Finance				
Property Assessor's Office	115,311	118,807	118,807	3,496
Reappraisal Program	13,148	15,642	15,642	2,494
County Trustee's Office	119,412	119,834	119,833	421
County Clerk's Office	114,293	117,434	117,449	3,156
Administration of Justice				
Circuit Court Clerk	118,381	132,957	132,957	14,576
General Sessions Judge	100,118	95,160	95,160	(4,958)
Drug Court	3,610	4,500	4,500	890
Chancery Court	80,651	85,421	85,421	4,770
Juvenile Court	32,085	32,943	32,943	858
Victims Assistance Programs	0	12,000	12,000	12,000
Public Safety				
Sheriff's Department	621,469	648,701	663,436	41,967
Jail	639,923	628,362	636,206	(3,717)
Juvenile Services	62,165	72,228	72,228	10,063
Work Release Program	367,606	437,485	462,075	94,469
Fire Prevention and Control	68,806	75,387	75,387	6,581
Civil Defense	53,738	52,755	52,755	(983)
Rescue Squad	10,000	10,000	10,000	0

(Continued)

Exhibit E-1

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund (Cont.)

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Safety (Cont.)				
Other Emergency Management	$ 260,261	$ 229,365	$ 229,365	$ (30,896)
County Coroner/Medical Examiner	30,849	16,000	16,000	(14,849)
Other Public Safety	0	2,333	2,333	2,333
Public Health and Welfare				
Local Health Center	47,455	41,000	54,958	7,503
Crippled Children Services	796	796	796	0
General Welfare Assistance	5,000	5,000	5,000	0
Aid to Dependent Children	455	1,500	1,500	1,045
Sanitation Education/Information	28,578	29,237	29,237	659
Other Public Health and Welfare	4,239	5,000	5,000	761
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	67,354	68,921	68,791	1,437
Libraries	62,842	64,460	64,589	1,747
Parks and Fair Boards	194,295	226,294	226,294	31,999
Agriculture and Natural Resources				
Agriculture Extension Service	43,089	47,094	47,093	4,004
Forest Service	2,000	2,000	2,000	0
Soil Conservation	1,650	3,300	3,300	1,650
Other Operations				
Tourism	0	9,200	9,200	9,200
Industrial Development	35,000	30,600	35,000	0
Airport	38,498	38,498	38,498	0
Veterans' Services	10,135	10,118	10,118	(17)
Other Charges	205,864	180,525	192,150	(13,714)
Employee Benefits	414,291	543,855	543,855	129,564
Miscellaneous	19,570	24,500	24,500	4,930
Total Expenditures	$ 4,421,211	$ 4,699,251	$ 4,777,156	$ 355,945
Excess (Deficiency) of Revenues Over Expenditures	$ (67,809)	$ (362,222)	$ (386,626)	$ 318,817
Other Financing Sources (Uses)				
Insurance Recovery	$ 10,607	$ 0	$ 13,382	$ (2,775)
Total Other Financing Sources (Uses)	$ 10,607	$ 0	$ 13,382	$ (2,775)
Net Change in Fund Balance	$ (57,202)	$ (362,222)	$ (373,244)	$ 316,042
Fund Balance, July 1, 2009	410,733	371,341	371,341	39,392
Fund Balance, June 30, 2010	$ 353,531	$ 9,119	$ (1,903)	$ 355,434

Exhibit E-2

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 33,272	$ 37,000	$ 37,000	$ (3,728)
Other Local Revenues	7,914	12,000	12,000	(4,086)
State of Tennessee	1,423,057	1,786,876	1,786,876	(363,819)
Federal Government	17,774	0	0	17,774
Total Revenues	$ 1,482,017	$ 1,835,876	$ 1,835,876	$ (353,859)
Expenditures				
Highways				
Administration	$ 138,567	$ 139,189	$ 139,189	$ 622
Highway and Bridge Maintenance	419,695	548,910	548,910	129,215
Operation and Maintenance of Equipment	243,134	286,210	286,210	43,076
Other Charges	83,987	93,500	93,500	9,513
Employee Benefits	146,739	169,000	169,000	22,261
Capital Outlay	65,840	521,652	521,652	455,812
Principal on Debt				
Highways and Streets	315,000	315,000	315,000	0
Interest on Debt				
Highways and Streets	46,541	46,541	46,541	0
Total Expenditures	$ 1,459,503	$ 2,120,002	$ 2,120,002	$ 660,499
Excess (Deficiency) of Revenues Over Expenditures	$ 22,514	$ (284,126)	$ (284,126)	$ 306,640
Other Financing Sources (Uses)				
Insurance Recovery	$ 4,062	$ 6,000	$ 6,000	$ (1,938)
Total Other Financing Sources (Uses)	$ 4,062	$ 6,000	$ 6,000	$ (1,938)
Net Change in Fund Balance	$ 26,576	$ (278,126)	$ (278,126)	$ 304,702
Fund Balance, July 1, 2009	334,196	564,471	564,471	(230,275)
Fund Balance, June 30, 2010	$ 360,772	$ 286,345	$ 286,345	$ 74,427

Exhibit E-3

Decatur County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Decatur County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	$ 2,549	$ 2,987	$ 438	85.34 %	$ 2,766	15.84%
7-1-09	2,939	3,721	782	78.98	3,241	24.13

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method went into effect during the 2007 year; therefore, only the two most recent valuations were presented.

Exhibit E-4

Decatur County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Decatur County School Department
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PRIMARY GOVERNMENT							
Local Government Group	7-1-07	$ 0	$ 63	$ 63	0 %	$ 2,013	3 %
"	7-1-09	0	193	193	0	2,282	8
DISCRETELY PRESENTED DECATUR COUNTY SCHOOL DEPARTMENT							
Local Education Group	7-1-07	0	858	858	0	6,269	14
"	7-1-09	0	948	948	0	6,964	14

*Data only available for two actuarial valuations.

DECATUR COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Decatur County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the Decatur County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

B. FUND DEFICIT

The General Fund had a deficit in unreserved fund balance of $156,145 at June 30, 2010. This deficit resulted from continued spending while revenues failed to meet projections and certain amounts of fund balance were being legally restricted.

C. EXPENDITURES EXCEEDED APPROPRIATIONS

General Fund expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

Major Appropriation Category	Amount Overspent
Beer Board	$ 150
General Sessions Judge	4,958
Jail	3,717
Civil Defense	983
Other Emergency Management	30,896
County Coroner/Medical Examiner	14,849
Veteran's Services	17
Other Charges	13,714

Such overexpenditures are a violation of state statutes. These overexpenditures contributed to the fund deficit.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the county's garbage collection and convenience center operations.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for the purchase of land for an industrial park.

Exhibit F-1

Decatur County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds				Capital Projects Fund	
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 0	$ 0	$ 621	$ 621	$ 0	$ 621
Equity in Pooled Cash and Investments	48,839	4,746	0	53,585	55,284	108,869
Accounts Receivable	52	0	96	148	0	148
Property Taxes Receivable	250,753	0	0	250,753	0	250,753
Allowance for Uncollectible Property Taxes	(7,992)	0	0	(7,992)	0	(7,992)
Total Assets	$ 291,652	$ 4,746	$ 717	$ 297,115	$ 55,284	$ 352,399
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 1,513	$ 0	$ 0	$ 1,513	$ 0	$ 1,513
Payroll Deductions Payable	935	269	0	1,204	0	1,204
Due to Other Funds	45,952	390	717	47,059	0	47,059
Due to State of Tennessee	477	0	0	477	0	477
Deferred Revenue - Current Property Taxes	234,118	0	0	234,118	0	234,118
Deferred Revenue - Delinquent Property Taxes	7,887	0	0	7,887	0	7,887
Total Liabilities	$ 290,882	$ 659	$ 717	$ 292,258	$ 0	$ 292,258
Fund Balances						
Unreserved	$ 770	$ 4,087	$ 0	$ 4,857	$ 55,284	$ 60,141
Total Fund Balances	$ 770	$ 4,087	$ 0	$ 4,857	$ 55,284	$ 60,141
Total Liabilities and Fund Balances	$ 291,652	$ 4,746	$ 717	$ 297,115	$ 55,284	$ 352,399

Exhibit F-2

Decatur County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds				Capital Projects Fund	
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Total Nonmajor Governmental Funds
Revenues						
Local Taxes	$ 186,533	$ 0	$ 0	$ 186,533	$ 0	$ 186,533
Fines, Forfeitures, and Penalties	0	4,896	0	4,896	0	4,896
Charges for Current Services	55,931	0	33,322	89,253	0	89,253
Other Local Revenues	20,170	2,000	0	22,170	0	22,170
State of Tennessee	36,344	0	0	36,344	0	36,344
Total Revenues	$ 298,978	$ 6,896	$ 33,322	$ 339,196	$ 0	$ 339,196
Expenditures						
Current:						
Administration of Justice	$ 0	$ 0	$ 33,322	$ 33,322	$ 0	$ 33,322
Public Safety	0	3,562	0	3,562	0	3,562
Public Health and Welfare	278,418	0	0	278,418	0	278,418
Other Operations	57,447	275	0	57,722	0	57,722
Debt Service:						
Principal on Debt	2,767	0	0	2,767	0	2,767
Interest on Debt	1,419	0	0	1,419	0	1,419
Total Expenditures	$ 340,051	$ 3,837	$ 33,322	$ 377,210	$ 0	$ 377,210
Excess (Deficiency) of Revenues Over Expenditures	$ (41,073)	$ 3,059	$ 0	$ (38,014)	$ 0	$ (38,014)
Other Financing Sources (Uses)						
Notes Issued	$ 61,275	$ 0	$ 0	$ 61,275	$ 0	$ 61,275
Insurance Recovery	22,903	0	0	22,903	0	22,903
Total Other Financing Sources (Uses)	$ 84,178	$ 0	$ 0	$ 84,178	$ 0	$ 84,178
Net Change in Fund Balances	$ 43,105	$ 3,059	$ 0	$ 46,164	$ 0	$ 46,164
Fund Balance, July 1, 2009	(42,335)	1,028	0	(41,307)	55,284	13,977
Fund Balance, June 30, 2010	$ 770	$ 4,087	$ 0	$ 4,857	$ 55,284	$ 60,141

Exhibit F-3

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 186,533	$ 175,874	$ 175,874	$ 10,659
Charges for Current Services	55,931	114,001	114,001	(58,070)
Other Local Revenues	20,170	28,000	28,000	(7,830)
State of Tennessee	36,344	4,400	4,400	31,944
Total Revenues	$ 298,978	$ 322,275	$ 322,275	$ (23,297)
Expenditures				
Public Health and Welfare				
Sanitation Management	$ 215,422	$ 135,692	$ 213,798	$ (1,624)
Convenience Centers	62,996	66,754	62,304	(692)
Other Operations				
Other Charges	35,075	36,700	35,032	(43)
Employee Benefits	22,372	30,800	30,800	8,428
Principal on Debt				
General Government	2,767	0	2,767	0
Interest on Debt				
General Government	1,419	0	1,419	0
Total Expenditures	$ 340,051	$ 269,946	$ 346,120	$ 6,069
Excess (Deficiency) of Revenues Over Expenditures	$ (41,073)	$ 52,329	$ (23,845)	$ (17,228)
Other Financing Sources (Uses)				
Notes Issued	$ 61,275	$ 0	$ 61,275	$ 0
Insurance Recovery	22,903	0	14,896	8,007
Total Other Financing Sources (Uses)	$ 84,178	$ 0	$ 76,171	$ 8,007
Net Change in Fund Balance	$ 43,105	$ 52,329	$ 52,326	$ (9,221)
Fund Balance, July 1, 2009	(42,335)	(46,055)	(46,055)	3,720
Fund Balance, June 30, 2010	$ 770	$ 6,274	$ 6,271	$ (5,501)

Exhibit F-4

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 4,896	$ 11,000	$ 11,000	$ (6,104)
Other Local Revenues	2,000	5,500	5,500	(3,500)
Total Revenues	$ 6,896	$ 16,500	$ 16,500	$ (9,604)
Expenditures				
Public Safety				
Drug Enforcement	$ 3,562	$ 4,345	$ 4,345	$ 783
Other Operations				
Employee Benefits	275	275	275	0
Total Expenditures	$ 3,837	$ 4,620	$ 4,620	$ 783
Excess (Deficiency) of Revenues Over Expenditures	$ 3,059	$ 11,880	$ 11,880	$ (8,821)
Net Change in Fund Balance	$ 3,059	$ 11,880	$ 11,880	$ (8,821)
Fund Balance, July 1, 2009	1,028	(2,886)	(2,886)	3,914
Fund Balance, June 30, 2010	$ 4,087	$ 8,994	$ 8,994	$ (4,907)

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Exhibit G

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 399,252	$ 403,664	$ 403,664	$ (4,412)
Other Local Revenues	59,192	115,000	115,000	(55,808)
State of Tennessee	14,913	40,000	40,000	(25,087)
Other Governments and Citizens Groups	736,484	286,500	825,400	(88,916)
Total Revenues	$ 1,209,841	$ 845,164	$ 1,384,064	$ (174,223)
Expenditures				
Principal on Debt				
General Government	$ 360,681	$ 276,528	$ 360,681	$ 0
Education	690,000	738,930	690,000	0
Interest on Debt				
General Government	393,958	389,112	393,855	(103)
Education	248,583	250,149	248,583	0
Other Debt Service				
General Government	8,080	214,182	175,782	167,702
Education	2,835	2,893	2,893	58
Total Expenditures	$ 1,704,137	$ 1,871,794	$ 1,871,794	$ 167,657
Excess (Deficiency) of Revenues Over Expenditures	$ (494,296)	$ (1,026,630)	$ (487,730)	$ (6,566)
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 538,900	$ 0	$ 0
Total Other Financing Sources (Uses)	$ 0	$ 538,900	$ 0	$ 0
Net Change in Fund Balance	$ (494,296)	$ (487,730)	$ (487,730)	$ (6,566)
Fund Balance, July 1, 2009	999,593	927,825	927,825	71,768
Fund Balance, June 30, 2010	$ 505,297	$ 440,095	$ 440,095	$ 65,202

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis. Also, the cities have pledged their share of a one-cent local option sales tax increase to retire school bonds.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Decatur County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	Agency Funds		
	Cities-Sales Tax	Constitutional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 476,034	$ 476,034
Due from Other Governments	57,726	0	57,726
Total Assets	$ 57,726	$ 476,034	$ 533,760
LIABILITIES			
Due to Other Taxing Units	$ 57,726	$ 0	$ 57,726
Due to Litigants, Heirs, and Others	0	476,034	476,034
Total Liabilities	$ 57,726	$ 476,034	$ 533,760

Exhibit H-2

Decatur County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 724,540	$ 724,540	$ 0
Due from Other Governments	56,722	57,726	56,722	57,726
Total Assets	$ 56,722	$ 782,266	$ 781,262	$ 57,726
Liabilities				
Due to Other Taxing Units	$ 56,722	$ 782,266	$ 781,262	$ 57,726
Total Liabilities	$ 56,722	$ 782,266	$ 781,262	$ 57,726
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 512,308	$ 3,664,286	$ 3,700,560	$ 476,034
Total Assets	$ 512,308	$ 3,664,286	$ 3,700,560	$ 476,034
Liabilities				
Due to Litigants, Heirs, and Others	$ 512,308	3,664,286	3,700,560	476,034
Total Liabilities	$ 512,308	$ 3,664,286	$ 3,700,560	$ 476,034
Totals - All Agency Funds				
Assets				
Cash	$ 512,308	$ 3,664,286	$ 3,700,560	$ 476,034
Equity in Pooled Cash and Investments	0	724,540	724,540	0
Due from Other Governments	56,722	57,726	56,722	57,726
Total Assets	$ 569,030	$ 4,446,552	$ 4,481,822	$ 533,760
Liabilities				
Due to Other Taxing Units	$ 56,722	$ 782,266	$ 781,262	$ 57,726
Due to Litigants, Heirs, and Others	512,308	3,664,286	3,700,560	476,034
Total Liabilities	$ 569,030	$ 4,446,552	$ 4,481,822	$ 533,760

Decatur County School Department

This section presents fund financial statements for the Decatur County School Department, a discretely presented component unit. The School Department uses a General Fund and a Special Revenue Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Exhibit I-1

Decatur County, Tennessee
Statement of Activities
Discretely Presented Decatur County School Department
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:				
Instruction	$ 8,242,083	$ 0	$ 1,323,736	$ (6,918,347)
Support Services	3,594,747	0	279,051	(3,315,696)
Operation of Non-Instructional Services	1,114,742	103,098	608,541	(403,103)
Other Debt Service	397,780	0	0	(397,780)
Total Governmental Activities	$ 13,349,352	$ 103,098	$ 2,211,328	$ (11,034,926)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 1,529,332
Local Option Sales Taxes				947,757
Other Local Taxes				194,223
Grants and Contributions Not Restricted to Specific Programs				8,656,013
Unrestricted Investment Income				7,532
Miscellaneous				106
Total General Revenues				$ 11,334,963
Change in Net Assets				$ 300,037
Net Assets, July 1, 2009				11,983,804
Net Assets, June 30, 2010				$ 12,283,841

Exhibit I-2

Decatur County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Decatur County School Department
June 30, 2010

	Major Funds		Total
	General Purpose School	School Federal Projects	Govern-mental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 3,535,978	$ 5,072	$ 3,541,050
Accounts Receivable	26,286	0	26,286
Due from Other Governments	394,390	21,099	415,489
Due from Other Funds	1,045	0	1,045
Property Taxes Receivable	1,550,355	0	1,550,355
Allowance for Uncollectible Property Taxes	(55,794)	0	(55,794)
Total Assets	$ 5,452,260	$ 26,171	$ 5,478,431
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 35,462	$ 0	$ 35,462
Payroll Deductions Payable	254,491	2,836	257,327
Due to Other Funds	0	1,045	1,045
Due to Primary Government	103,663	0	103,663
Due to State of Tennessee	306	13	319
Deferred Revenue - Current Property Taxes	1,424,451	0	1,424,451
Deferred Revenue - Delinquent Property Taxes	63,977	0	63,977
Other Deferred Revenues	137,014	0	137,014
Health Insurance Payments	9,316	0	9,316
Cafeteria Salaries and Benefits	439	0	439
Total Liabilities	$ 2,029,119	$ 3,894	$ 2,033,013
Fund Balances			
Reserved for Encumbrances	$ 184,307	$ 0	$ 184,307
Reserved for Career Ladder Program	1,838	0	1,838
Reserved for Title I Grants to Local Education Agencies	0	1,912	1,912
Reserved for Special Education - Grants to States	0	3,136	3,136
Other Federal Reserves	0	17,229	17,229
Unreserved, Reported In:			
General Fund	3,236,996	0	3,236,996
Total Fund Balances	$ 3,423,141	$ 22,277	$ 3,445,418
Total Liabilities and Fund Balances	$ 5,452,260	$ 26,171	$ 5,478,431

Exhibit I-3

Decatur County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Decatur County School Department
June 30, 2010

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:		
Total fund balances - balance sheet - governmental funds (Exhibit I-2)		$ 3,445,418
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 239,448	
Add: buildings and improvements net of accumulated depreciation	7,155,778	
Add: other capital assets net of accumulated depreciation	1,727,316	9,122,542
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	$ (305,496)	
Less: other postemployment benefits liability	(179,614)	(485,110)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		200,991
Net assets of governmental activities (Exhibit A)		$ 12,283,841

Exhibit I-4

Decatur County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Decatur County School Department
For the Year Ended June 30, 2010

	Major Funds		
	General Purpose School	School Federal Projects	Total Governmental Funds
Revenues			
Local Taxes	$ 2,783,569	$ 0	$ 2,783,569
Licenses and Permits	998	0	998
Charges for Current Services	103,098	0	103,098
Other Local Revenues	10,648	0	10,648
State of Tennessee	8,527,786	0	8,527,786
Federal Government	664,238	1,561,280	2,225,518
Total Revenues	$ 12,090,337	$ 1,561,280	$ 13,651,617
Expenditures			
Current:			
Instruction	$ 6,348,125	$ 1,305,608	$ 7,653,733
Support Services	3,742,213	240,071	3,982,284
Operation of Non-Instructional Services	1,050,150	0	1,050,150
Capital Outlay	263,860	0	263,860
Debt Service:			
Principal on Debt	61,099	0	61,099
Other Debt Service	397,780	0	397,780
Total Expenditures	$ 11,863,227	$ 1,545,679	$ 13,408,906
Excess (Deficiency) of Revenues Over Expenditures	$ 227,110	$ 15,601	$ 242,711
Other Financing Sources (Uses)			
Insurance Recovery	$ 75,000	$ 0	$ 75,000
Total Other Financing Sources (Uses)	$ 75,000	$ 0	$ 75,000
Net Change in Fund Balances	$ 302,110	$ 15,601	$ 317,711
Fund Balance, July 1, 2009	3,121,031	6,676	3,127,707
Fund Balance, June 30, 2010	$ 3,423,141	$ 22,277	$ 3,445,418

Exhibit I-5

Decatur County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Decatur County School Department
For the Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit I-4)		$ 317,711
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	$ 662,840	
Less: current year depreciation expense	(668,688)	(5,848)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(13,113)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2010	$ 200,991	
Less: deferred delinquent property taxes and other deferred June 30, 2009	(203,219)	(2,228)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on notes		61,099
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		(57,584)
Change in net assets of governmental activities (Exhibit B)		$ 300,037

Exhibit I-6

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Decatur County School Department
General Purpose School Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 2,783,569	$ 0	$ 0	$ 2,783,569	$ 2,828,844	$ 2,828,844	$ (45,275)
Licenses and Permits	998	0	0	998	1,500	1,500	(502)
Charges for Current Services	103,098	0	0	103,098	101,000	101,000	2,098
Other Local Revenues	10,648	0	0	10,648	39,500	39,500	(28,852)
State of Tennessee	8,527,786	0	0	8,527,786	8,506,518	8,575,221	(47,435)
Federal Government	664,238	0	0	664,238	620,350	714,208	(49,970)
Total Revenues	$ 12,090,337	$ 0	$ 0	$ 12,090,337	$ 12,097,712	$ 12,260,273	$ (169,936)
Expenditures							
Instruction							
Regular Instruction Program	$ 5,135,025	$ (25,811)	$ 4,216	$ 5,113,430	$ 5,536,800	$ 5,536,800	$ 423,370
Alternative Instruction Program	182	0	0	182	500	500	318
Special Education Program	779,786	0	0	779,786	849,900	849,900	70,114
Vocational Education Program	420,535	0	0	420,535	528,700	528,700	108,165
Adult Education Program	12,597	(1,596)	0	11,001	46,050	46,050	35,049
Support Services							
Attendance	96,534	0	0	96,534	110,900	110,900	14,366
Health Services	137,453	(1,067)	0	136,386	150,735	150,735	14,349
Other Student Support	330,620	(1,767)	2,564	331,417	349,100	349,100	17,683
Regular Instruction Program	477,777	0	0	477,777	515,920	515,920	38,143
Special Education Program	88,528	0	0	88,528	105,950	90,950	2,422
Vocational Education Program	39,386	0	0	39,386	44,450	44,450	5,064
Adult Programs	102,258	0	0	102,258	113,200	113,200	10,942
Other Programs	39,903	0	0	39,903	0	39,903	0

(Continued)

Exhibit I-6

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Decatur County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Board of Education	$ 324,374	$ 0	$ 45	$ 324,419	$ 202,275	$ 371,078	$ 46,659
Director of Schools	130,163	0	28	130,191	142,300	142,300	12,109
Office of the Principal	291,063	0	0	291,063	304,625	304,625	13,562
Fiscal Services	71,943	0	0	71,943	76,307	76,307	4,364
Operation of Plant	700,328	0	0	700,328	943,200	943,200	242,872
Maintenance of Plant	135,103	(8,280)	2,230	129,053	179,600	175,530	46,477
Transportation	776,780	(154,040)	300	623,040	698,900	698,900	75,860
Operation of Non-Instructional Services							
Food Service	618,550	0	4,763	623,313	579,247	677,175	53,862
Community Services	133,795	0	0	133,795	195,050	195,050	61,255
Early Childhood Education	297,805	(930)	677	297,552	310,875	310,875	13,323
Capital Outlay							
Regular Capital Outlay	263,860	(96,823)	169,484	336,521	446,500	475,300	138,779
Principal on Debt							
Education	61,099	0	0	61,099	61,100	61,100	1
Other Debt Service							
Education	397,780	0	0	397,780	0	428,000	30,220
Total Expenditures	$ 11,863,227	$ (290,314)	$ 184,307	$ 11,757,220	$ 12,492,184	$ 13,236,548	$ 1,479,328
Excess (Deficiency) of Revenues Over Expenditures	$ 227,110	$ 290,314	$ (184,307)	$ 333,117	$ (394,472)	$ (976,275)	$ 1,309,392
Other Financing Sources (Uses)							
Insurance Recovery	$ 75,000	$ 0	$ 0	$ 75,000	$ 0	$ 75,000	$ 0
Transfers Out	0	0	0	0	(428,000)	0	0
Total Other Financing Sources (Uses)	$ 75,000	$ 0	$ 0	$ 75,000	$ (428,000)	$ 75,000	$ 0
Net Change in Fund Balance	$ 302,110	$ 290,314	$ (184,307)	$ 408,117	$ (822,472)	$ (901,275)	$ 1,309,392
Fund Balance, July 1, 2009	3,121,031	(290,314)	0	2,830,717	1,678,931	1,678,931	1,151,786
Fund Balance, June 30, 2010	$ 3,423,141	$ 0	$ (184,307)	$ 3,238,834	$ 856,459	$ 777,656	$ 2,461,178

Exhibit I-7

Decatur County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Decatur County School Department
School Federal Projects Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Federal Government	$ 1,561,280	$ 0	$ 1,561,280	$ 1,924,192	$ 1,925,105	$ (363,825)
Total Revenues	$ 1,561,280	$ 0	$ 1,561,280	$ 1,924,192	$ 1,925,105	$ (363,825)
Expenditures						
Instruction						
Regular Instruction Program	$ 751,994	$ 0	$ 751,994	$ 786,362	$ 786,362	$ 34,368
Special Education Program	531,360	0	531,360	763,089	756,360	225,000
Vocational Education Program	22,254	0	22,254	21,341	22,254	0
Support Services						
Other Student Support	25,746	(2,834)	22,912	113,983	113,983	91,071
Regular Instruction Program	79,077	0	79,077	102,493	102,493	23,416
Special Education Program	13,679	0	13,679	14,249	17,974	4,295
Vocational Education Program	1,642	0	1,642	1,642	1,642	0
Transportation	119,927	0	119,927	124,916	127,919	7,992
Total Expenditures	$ 1,545,679	$ (2,834)	$ 1,542,845	$ 1,928,075	$ 1,928,987	$ 386,142
Excess (Deficiency) of Revenues Over Expenditures	$ 15,601	$ 2,834	$ 18,435	$ (3,883)	$ (3,882)	$ 22,317
Other Financing Sources (Uses)						
Transfers In	$ 0	$ 0	$ 0	$ 63,085	$ 63,085	$ (63,085)
Transfers Out	0	0	0	(63,085)	(63,085)	63,085
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net Change in Fund Balance	$ 15,601	$ 2,834	$ 18,435	$ (3,883)	$ (3,882)	$ 22,317
Fund Balance, July 1, 2009	6,676	(2,834)	3,842	6,676	6,676	(2,834)
Fund Balance, June 30, 2010	$ 22,277	$ 0	$ 22,277	$ 2,793	$ 2,794	$ 19,483

MISCELLANEOUS SCHEDULES

Exhibit J-1

Decatur County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Decatur County School Department
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through Solid Waste/Sanitation Fund								
Solid Waste Capital Outlay Note 2009	$ 61,275	3.5 %	10-14-09	10-14-21	$ 0	$ 61,275	$ 2,767	$ 58,508
Total Payable through Solid Waste/Sanitation Fund					$ 0	$ 61,275	$ 2,767	$ 58,508
Payable through General Debt Service Fund								
Beech River Airport	245,500	4.05	10-28-05	10-21-17	$ 184,126	$ 0	$ 20,458	$ 163,668
Total Payable through General Debt Service Fund					$ 184,126	$ 0	$ 20,458	$ 163,668
Total Notes Payable					$ 184,126	$ 61,275	$ 23,225	$ 222,176
CAPITAL LEASES PAYABLE								
Payable through General Debt Service Fund								
Sheriff Department Vehicles	90,510	6.4	7-23-07	7-23-09	$ 30,132	$ 0	$ 30,132	$ 0
Sheriff Department Vehicle	22,589	6.95	8-27-08	8-27-11	16,360	0	5,091	11,269
Total Payable through General Debt Service Fund					$ 46,492	$ 0	$ 35,223	$ 11,269
Total Capital Leases Payable					$ 46,492	$ 0	$ 35,223	$ 11,269
BONDS PAYABLE								
Payable through Highway/Public Works Fund								
General Obligation Refunding Bonds, Series 2008	1,974,000	2.2 to 4	6-5-08	6-1-27	$ 1,668,000	$ 0	$ 315,000	$ 1,353,000
Total Payable through Highway/Public Works Fund					$ 1,668,000	$ 0	$ 315,000	$ 1,353,000
Payable through General Debt Service Fund								
School Refunding Bonds, Series 2003	2,210,000	1.45 to 4.25	1-1-03	6-1-18	$ 1,490,000	$ 0	$ 145,000	$ 1,345,000
Refunding Bonds, Series 2003	720,000	1.45 to 3.2	1-1-03	6-1-10	105,000	0	105,000	0
School Refunding Bonds, Series 2003	8,510,000	3.42	3-1-03	3-1-18	5,565,000	0	545,000	5,020,000
Improvement Bonds, Series 2007	6,000,000	4.14	5-9-07	5-1-37	5,885,000	0	120,000	5,765,000
General Obligation Refunding Bonds, Series 2008	1,866,000	2.2 to 4	6-5-08	6-1-27	1,857,000	0	15,000	1,842,000
General Obligation Improvement Bonds, Series 2008	520,000	2.2 to 4	6-5-08	6-1-27	500,000	0	20,000	480,000
Total Payable through General Debt Service Fund					$ 15,402,000	$ 0	$ 950,000	$ 14,452,000
Total Bonds Payable					$ 17,070,000	$ 0	$ 1,265,000	$ 15,805,000

(Continued)

Exhibit J-1

Decatur County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Decatur County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
DISCRETELY PRESENTED DECATUR COUNTY SCHOOL DEPARTMENT								
NOTES PAYABLE								
Payable through General Purpose School Fund								
Energy Efficiency Loan	$ 427,694	0 %	4-1-08	6-1-15	$ 366,595	$ 0	$ 61,099	$ 305,496
Total Notes Payable					$ 366,595	$ 0	$ 61,099	$ 305,496

Exhibit J-2

Decatur County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Decatur County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2011	$ 24,729	$ 8,636	$ 33,365
2012	24,879	7,658	32,537
2013	25,043	6,665	31,708
2014	25,208	5,671	30,879
2015	25,380	4,671	30,051
2016	25,554	3,669	29,223
2017	25,741	2,653	28,394
2018	25,932	1,634	27,566
2019	5,671	608	6,279
2020	5,874	404	6,278
2021	6,087	192	6,279
2022	2,078	16	2,094
Total	$ 222,176	$ 42,477	$ 264,653

Year Ending June 30	Capital Leases Principal	Capital Leases Interest	Capital Leases Total
2011	$ 5,445	$ 783	$ 6,228
2012	5,824	405	6,229
Total	$ 11,269	$ 1,188	$ 12,457

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
2011	$ 1,205,000	$ 583,673	$ 1,788,673
2012	1,250,000	544,801	1,794,801
2013	1,315,000	503,250	1,818,250
2014	1,360,000	458,810	1,818,810
2015	1,065,000	411,966	1,476,966
2016	1,110,000	373,738	1,483,738
2017	1,150,000	333,477	1,483,477
2018	1,150,000	291,738	1,441,738
2019	305,000	249,929	554,929
2020	325,000	238,569	563,569
2021	335,000	226,169	561,169
2022	350,000	213,389	563,389

(Continued)

Exhibit J-2

Decatur County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Decatur County School Department (Cont.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30 (Cont.)	Bonds (Cont.) Principal	Interest	Total
2023	$ 365,000	$ 199,801	$ 564,801
2024	385,000	185,626	570,626
2025	405,000	170,411	575,411
2026	420,000	154,406	574,406
2027	440,000	137,606	577,606
2028	235,000	120,006	355,006
2029	245,000	110,312	355,312
2030	255,000	100,206	355,206
2031	270,000	89,687	359,687
2032	280,000	78,550	358,550
2033	290,000	67,000	357,000
2034	305,000	55,037	360,037
2035	315,000	42,075	357,075
2036	330,000	28,688	358,688
2037	345,000	14,663	359,663
Total	$ 15,805,000	$ 5,983,583	$ 21,788,583

DISCRETELY PRESENTED DECATUR COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes Principal	Interest	Total
2011	$ 61,099	$ 0	$ 61,099
2012	61,099	0	61,099
2013	61,099	0	61,099
2014	61,099	0	61,099
2015	61,100	0	61,100
Total	$ 305,496	$ 0	$ 305,496

Exhibit J-3

Decatur County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Decatur County School Department
For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	$ 60,350	$ 25,000	Ohio Casualty Insurance Company
Road Supervisor	Section 8-24-102, TCA	57,477	100,000	"
Director of Schools	State Board of Education and County Board of Education	92,200 (1)	50,000	"
Trustee	Section 8-24-102, TCA	52,251	466,000	"
Assessor of Property	Section 8-24-102, TCA	52,251	10,000	"
County Clerk	Section 8-24-102, TCA	52,251	25,000	"
Circuit Court Clerk	Section 8-24-102, TCA	52,251	30,000	"
Clerk and Master	Section 8-24-102, TCA	52,251 (2)	35,000	"
Register	Section 8-24-102, TCA	52,251	15,000	"
Sheriff	Section 8-24-102, TCA	57,477 (3)	25,000	"
Employee Blanket Bonds:				
Office:				
County Mayor - All Employees			150,000	Local Government Property and Casualty Fund
Road Supervisor - All Employees			150,000	"
Director of Schools - All Employees			150,000	Tennessee Risk Management Trust

(1) Includes a chief executive officer training supplement of $600.
(2) Does not include special commissioner fees of $33,322.
(3) Does not include a law enforcement training supplement of $600.

Exhibit J-4

Decatur County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2010

		Special Revenue Funds				Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Total
Local Taxes							
County Property Taxes							
Current Property Tax	$ 1,379,417	$ 177,346	$ 0	$ 0	$ 0	$ 78,836	$ 1,635,599
Trustee's Collections - Prior Year	75,142	6,779	0	0	0	8,366	90,287
Trustee's Collections - Bankruptcy	476	22	0	0	0	65	563
Circuit/Clerk & Master Collections - Prior Years	19,942	1,136	0	0	0	2,711	23,789
Interest and Penalty	12,905	1,250	0	0	0	1,385	15,540
Payments in-Lieu-of Taxes - T.V.A.	1,696	0	0	0	0	198	1,894
Payments in-Lieu-of Taxes - Local Utilities	37,256	0	0	0	0	3,466	40,722
Payments in-Lieu-of Taxes - Other	585	0	0	0	0	0	585
County Local Option Taxes							
Local Option Sales Tax	167,084	0	0	0	0	111,458	278,542
Hotel/Motel Tax	36,294	0	0	0	0	0	36,294
Wheel Tax	0	0	0	0	0	189,702	189,702
Litigation Tax - General	43,679	0	0	0	0	0	43,679
Litigation Tax - Special Purpose	1,427	0	0	0	0	0	1,427
Litigation Tax - Jail, Workhouse, or Courthouse	30,111	0	0	0	0	0	30,111
Business Tax	84,260	0	0	0	0	0	84,260
Mineral Severance Tax	39,974	0	0	0	31,980	0	71,954
Statutory Local Taxes							
Bank Excise Tax	14,216	0	0	0	1,292	2,908	18,416
Wholesale Beer Tax	209,839	0	0	0	0	0	209,839
Interstate Telecommunications Tax	209	0	0	0	0	157	366
Total Local Taxes	$ 2,154,512	$ 186,533	$ 0	$ 0	$ 33,272	$ 399,252	$ 2,773,569
Licenses and Permits							
Licenses							
Cable TV Franchise	$ 3,397	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,397
Permits							
Beer Permits	3,500	0	0	0	0	0	3,500
Other Permits	130	0	0	0	0	0	130
Total Licenses and Permits	$ 7,027	$ 0	$ 0	$ 0	$ 0	$ 0	$ 7,027

(Continued)

Exhibit J-4

Decatur County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	General	Special Revenue Funds: Solid Waste / Sanitation	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitu - tional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Total
Fines, Forfeitures, and Penalties							
Circuit Court							
Fines	$ 3,525	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,525
Officers Costs	1,915	0	0	0	0	0	1,915
Drug Control Fines	0	0	3,745	0	0	0	3,745
Drug Court Fees	923	0	0	0	0	0	923
Data Entry Fee - Circuit Court	816	0	0	0	0	0	816
Victims Assistance Assessments	672	0	0	0	0	0	672
General Sessions Court							
Fines	22,127	0	0	0	0	0	22,127
Officers Costs	14,269	0	0	0	0	0	14,269
Game and Fish Fines	157	0	0	0	0	0	157
Drug Control Fines	0	0	1,151	0	0	0	1,151
Drug Court Fees	2,687	0	0	0	0	0	2,687
Jail Fees	2,182	0	0	0	0	0	2,182
DUI Treatment Fines	3,783	0	0	0	0	0	3,783
Data Entry Fee - General Sessions Court	2,672	0	0	0	0	0	2,672
Courtroom Security Fee	48	0	0	0	0	0	48
Victims Assistance Assessments	12,002	0	0	0	0	0	12,002
Juvenile Court							
Fines	247	0	0	0	0	0	247
Chancery Court							
Officers Costs	1,447	0	0	0	0	0	1,447
Data Entry Fee - Chancery Court	648	0	0	0	0	0	648
Courtroom Security Fee	7	0	0	0	0	0	7
Judicial District Drug Program							
Data Entry Fee - Other Courts	8,856	0	0	0	0	0	8,856
Total Fines, Forfeitures, and Penalties	$ 78,983	$ 0	$ 4,896	$ 0	$ 0	$ 0	$ 83,879
Charges for Current Services							
General Service Charges							
Surcharge - Host Agency	$ 0	$ 55,023	$ 0	$ 0	$ 0	$ 0	$ 55,023

(Continued)

Exhibit J-4

Decatur County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

		Special Revenue Funds				Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Total
Charges for Current Services (Cont.)							
General Service Charges (Cont.)							
Solid Waste Disposal Fees	$ 0	$ 846	$ 0	$ 0	$ 0	$ 0	$ 846
Fees							
Recreation Fees	84,303	0	0	0	0	0	84,303
Copy Fees	244	0	0	0	0	0	244
Greenbelt Late Application Fee	50	0	0	0	0	0	50
Telephone Commissions	4,262	0	0	0	0	0	4,262
Vending Machine Collections	3,918	62	0	0	0	0	3,980
Special Commissioner Fees/Special Master Fees	0	0	0	33,322	0	0	33,322
Data Processing Fee - Register	4,558	0	0	0	0	0	4,558
Probation Fees	23,630	0	0	0	0	0	23,630
Data Processing Fee - Sheriff	1,107	0	0	0	0	0	1,107
Sexual Offender Registration Fees - Sheriff	1,250	0	0	0	0	0	1,250
Data Processing Fee - County Clerk	416	0	0	0	0	0	416
Education Charges							
Community Service Fees - Adults	24,426	0	0	0	0	0	24,426
Other Charges for Services							
Other Charges for Services	28,700	0	0	0	0	0	28,700
Total Charges for Current Services	$ 176,864	$ 55,931	$ 0	$ 33,322	$ 0	$ 0	$ 266,117
Other Local Revenues							
Recurring Items							
Investment Income	$ 0	$ 0	$ 0	$ 0	$ 0	$ 59,192	$ 59,192
Sale of Materials and Supplies	0	0	0	0	303	0	303
Sale of Recycled Materials	0	20,170	0	0	1,903	0	22,073
Miscellaneous Refunds	3,338	0	0	0	84	0	3,422
Nonrecurring Items							
Sale of Equipment	8,844	0	0	0	5,624	0	14,468
Contributions and Gifts	0	0	2,000	0	0	0	2,000
Total Other Local Revenues	$ 12,182	$ 20,170	$ 2,000	$ 0	$ 7,914	$ 59,192	$ 101,458

(Continued)

Exhibit J-4

Decatur County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	General	Special Revenue Funds: Solid Waste / Sanitation	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitu - tional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Total
Fees Received from County Officials							
Fees in-Lieu-of Salary							
County Clerk	$ 114,558	$ 0	$ 0	$ 0	$ 0	$ 0	$ 114,558
Circuit Court Clerk	48,710	0	0	0	0	0	48,710
General Sessions Court Clerk	96,196	0	0	0	0	0	96,196
Clerk and Master	45,353	0	0	0	0	0	45,353
Register	48,245	0	0	0	0	0	48,245
Sheriff	6,679	0	0	0	0	0	6,679
Trustee	154,389	0	0	0	0	0	154,389
Total Fees Received from County Officials	$ 514,130	$ 0	$ 0	$ 0	$ 0	$ 0	$ 514,130
State of Tennessee							
General Government Grants							
Juvenile Services Program	$ 63,815	$ 0	$ 0	$ 0	$ 0	$ 0	$ 63,815
Aging Programs	21,984	0	0	0	0	0	21,984
State Reappraisal Grant	6,447	0	0	0	0	0	6,447
Solid Waste Grants	0	2,791	0	0	0	0	2,791
Public Safety Grants							
Law Enforcement Training Programs	6,000	0	0	0	0	0	6,000
Health and Welfare Grants							
Health Department Programs	13,952	0	0	0	0	0	13,952
Other Health and Welfare Grants	4,306	0	0	0	0	0	4,306
Public Works Grants							
Litter Program	30,490	0	0	0	0	0	30,490
Other State Revenues							
Income Tax	43,160	0	0	0	0	0	43,160
Resort District Sales Tax	186,051	0	0	0	0	0	186,051
Beer Tax	17,778	0	0	0	0	0	17,778
Alcoholic Beverage Tax	27,069	0	0	0	0	0	27,069
Mixed Drink Tax	2,746	0	0	0	0	0	2,746
State Revenue Sharing - T.V.A.	260,972	33,553	0	0	0	14,913	309,438
Contracted Prisoner Boarding	176,902	0	0	0	0	0	176,902

(Continued)

Exhibit J-4

Decatur County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	General	Special Revenue Funds: Solid Waste / Sanitation	Special Revenue Funds: Drug Control	Special Revenue Funds: Constitu - tional Officers - Fees	Special Revenue Funds: Highway / Public Works	Debt Service Fund: General Debt Service	Total
State of Tennessee (Cont.)							
Other State Revenues (Cont.)							
Gasoline and Motor Fuel Tax	$ 0	$ 0	$ 0	$ 0	$ 1,413,636	$ 0	$ 1,413,636
Petroleum Special Tax	0	0	0	0	9,421	0	9,421
Registrar's Salary Supplement	16,380	0	0	0	0	0	16,380
Other State Revenues	367,041	0	0	0	0	0	367,041
Total State of Tennessee	$ 1,245,093	$ 36,344	$ 0	$ 0	$ 1,423,057	$ 14,913	$ 2,719,407
Federal Government							
Federal Through State							
Disaster Relief	$ 1,459	$ 0	$ 0	$ 0	$ 17,774	$ 0	$ 19,233
Homeland Security Grants	39,275	0	0	0	0	0	39,275
Law Enforcement Grants	8,769	0	0	0	0	0	8,769
Direct Federal Revenue							
Other Direct Federal Revenue	1,298	0	0	0	0	0	1,298
Total Federal Government	$ 50,801	$ 0	$ 0	$ 0	$ 17,774	$ 0	$ 68,575
Other Governments and Citizens Groups							
Other Governments							
Contributions	$ 103,473	$ 0	$ 0	$ 0	$ 0	$ 736,484	$ 839,957
Other							
Other	10,337	0	0	0	0	0	10,337
Total Other Governments and Citizens Groups	$ 113,810	$ 0	$ 0	$ 0	$ 0	$ 736,484	$ 850,294
Total	$ 4,353,402	$ 298,978	$ 6,896	$ 33,322	$ 1,482,017	$ 1,209,841	$ 7,384,456

Exhibit J-5

Decatur County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Decatur County School Department
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Total
Local Taxes			
County Property Taxes	s		
Current Property Tax	$ 1,438,542	$ 0	$ 1,438,542
Trustee's Collections - Prior Year	79,409	0	79,409
Trustee's Collections - Bankruptcy	509	0	509
Circuit/Clerk & Master Collections - Prior Years	21,298	0	21,298
Interest and Penalty	13,620	0	13,620
Payments in-Lieu-of Taxes - T.V.A.	7,461	0	7,461
Payments in-Lieu-of Taxes - Local Utilities	15,076	0	15,076
Payments in-Lieu-of Taxes - Other	1,495	0	1,495
County Local Option Taxes			
Local Option Sales Tax	1,004,182	0	1,004,182
Wheel Tax	145,438	0	145,438
Mineral Severance Tax	47,436	0	47,436
Statutory Local Taxes			
Bank Excise Tax	7,754	0	7,754
Interstate Telecommunications Tax	1,349	0	1,349
Total Local Taxes	$ 2,783,569	$ 0	$ 2,783,569
Licenses and Permits			
Licenses			
Marriage Licenses	$ 998	$ 0	$ 998
Total Licenses and Permits	$ 998	$ 0	$ 998
Charges for Current Services			
Education Charges			
Receipts from Individual Schools	$ 7,592	$ 0	$ 7,592
Community Service Fees - Children	82,066	0	82,066
Other Charges for Services			
Other Charges for Services	13,440	0	13,440
Total Charges for Current Services	$ 103,098	$ 0	$ 103,098
Other Local Revenues			
Recurring Items			
Investment Income	$ 7,532	$ 0	$ 7,532
Miscellaneous Refunds	106	0	106
Nonrecurring Items			
Contributions and Gifts	3,010	0	3,010
Total Other Local Revenues	$ 10,648	$ 0	$ 10,648
State of Tennessee			
General Government Grants			
On-Behalf Contributions for OPEB	$ 39,903	$ 0	$ 39,903
State Education Funds			
Basic Education Program	7,391,904	0	7,391,904
Basic Education Program - ARRA	292,700	0	292,700
School Food Service	8,810	0	8,810
Other State Education Funds	64,748	0	64,748
Coordinated School Health - ARRA	93,000	0	93,000
Family Resource Centers - ARRA	33,300	0	33,300

(Continued)

Exhibit J-5

Decatur County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

	General Purpose School	School Federal Projects	Total
State of Tennessee (Cont.)			
State Education Funds (Cont.)			
Statewide Student Management System (SSMS) - ARRA	$ 8,198	$ 0	$ 8,198
Career Ladder Program	99,358	0	99,358
Other State Revenues			
Mixed Drink Tax	2,980	0	2,980
State Revenue Sharing - T.V.A.	272,156	0	272,156
Other State Grants	215,729	0	215,729
Safe Schools - ARRA	5,000	0	5,000
Total State of Tennessee	$ 8,527,786	$ 0	$ 8,527,786
Federal Government			
Federal Through State			
USDA School Lunch Program	$ 347,201	$ 0	$ 347,201
USDA - Commodities	49,986	0	49,986
Breakfast	136,440	0	136,440
USDA - Other	21,064	0	21,064
USDA Food Service Equipment Grant - ARRA	16,200	0	16,200
Adult Education State Grant Program	93,347	0	93,347
Vocational Education - Basic Grants to States	0	33,767	33,767
Title I Grants to Local Education Agencies	0	660,275	660,275
Special Education - Grants to States	0	619,739	619,739
Special Education Preschool Grants	0	44,670	44,670
Safe and Drug-free Schools - State Grants	0	7,606	7,606
Rural Education	0	65,173	65,173
Eisenhower Professional Development State Grants	0	109,973	109,973
Other Federal through State	0	20,077	20,077
Total Federal Government	$ 664,238	$ 1,561,280	$ 2,225,518
Total	$ 12,090,337	$ 1,561,280	$ 13,651,617

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund		
General Government		
County Commission		
Board and Committee Members Fees	$ 19,100	
Audit Services	3,519	
Legal Notices, Recording, and Court Costs	590	
Postal Charges	483	
Other Charges	440	
Total County Commission		$ 24,132
Board of Equalization		
Board and Committee Members Fees	$ 545	
Total Board of Equalization		545
Beer Board		
Board and Committee Members Fees	$ 2,350	
Total Beer Board		2,350
Other Boards and Committees		
Board and Committee Members Fees	$ 2,500	
Total Other Boards and Committees		2,500
County Mayor/Executive		
County Official/Administrative Officer	$ 60,350	
Accountants/Bookkeepers	50,255	
Dues and Memberships	1,050	
Postal Charges	660	
Travel	1,494	
Office Supplies	1,689	
Total County Mayor/Executive		115,498
Personnel Office		
Maintenance Agreements	$ 5,981	
Other Contracted Services	178	
Office Supplies	229	
Other Supplies and Materials	693	
Data Processing Equipment	623	
Total Personnel Office		7,704
County Attorney		
Legal Services	$ 6,888	
Total County Attorney		6,888

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
General Government (Cont.)		
Election Commission		
County Official/Administrative Officer	$ 47,026	
Part-time Personnel	48	
Other Salaries and Wages	23,278	
Election Commission	1,125	
Communication	1,360	
Dues and Memberships	175	
Legal Notices, Recording, and Court Costs	355	
Maintenance and Repair Services - Buildings	2,400	
Maintenance and Repair Services - Equipment	6,836	
Postal Charges	1,183	
Printing, Stationery, and Forms	1,278	
Rentals	8,975	
Travel	2,405	
Electricity	754	
Natural Gas	575	
Office Supplies	1,325	
Water and Sewer	416	
Other Supplies and Materials	826	
Office Equipment	1,046	
Total Election Commission		$ 101,386
Register of Deeds		
County Official/Administrative Officer	$ 52,251	
Secretary(ies)	23,278	
Dues and Memberships	422	
Postal Charges	491	
Travel	79	
Office Supplies	693	
Data Processing Equipment	5,380	
Office Equipment	860	
Total Register of Deeds		83,454
County Buildings		
Supervisor/Director	$ 290	
Custodial Personnel	9,600	
Communication	21,378	
Maintenance and Repair Services - Buildings	5,283	
Maintenance and Repair Services - Equipment	1,137	
Other Contracted Services	380	
Custodial Supplies	3,500	

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
General Government (Cont.)		
County Buildings (Cont.)		
Electricity	$ 35,040	
Natural Gas	3,176	
Water and Sewer	1,485	
Other Charges	468	
Heating and Air Conditioning Equipment	2,080	
Total County Buildings		$ 83,817
Finance		
Property Assessor's Office		
County Official/Administrative Officer	$ 52,251	
Deputy(ies)	23,278	
Other Salaries and Wages	23,278	
Data Processing Services	3,602	
Dues and Memberships	900	
Maintenance and Repair Services - Office Equipment	1,494	
Postal Charges	772	
Other Contracted Services	8,000	
Data Processing Supplies	677	
Gasoline	596	
Office Supplies	463	
Total Property Assessor's Office		115,311
Reappraisal Program		
Other Salaries and Wages	$ 8,562	
Data Processing Services	3,891	
Other Supplies and Materials	695	
Total Reappraisal Program		13,148
County Trustee's Office		
County Official/Administrative Officer	$ 52,251	
Deputy(ies)	46,556	
Communication	850	
Data Processing Services	3,602	
Dues and Memberships	477	
Legal Notices, Recording, and Court Costs	91	
Postal Charges	3,443	
Travel	1,055	
Other Contracted Services	6,436	
Data Processing Supplies	386	
Office Supplies	2,039	

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
Finance (Cont.)		
County Trustee's Office (Cont.)		
Data Processing Equipment	$ 123	
Office Equipment	2,103	
Total County Trustee's Office		$ 119,412
County Clerk's Office		
County Official/Administrative Officer	$ 52,251	
Deputy(ies)	46,556	
Dues and Memberships	427	
Maintenance and Repair Services - Office Equipment	1,459	
Postal Charges	4,000	
Travel	832	
Office Supplies	1,366	
Data Processing Equipment	7,402	
Total County Clerk's Office		114,293
Administration of Justice		
Circuit Court Clerk		
County Official/Administrative Officer	$ 52,251	
Deputy(ies)	46,556	
Other Salaries and Wages	570	
Jury and Witness Expense	4,265	
Dues and Memberships	392	
Legal Notices, Recording, and Court Costs	443	
Postal Charges	847	
Travel	887	
Office Supplies	2,428	
Data Processing Equipment	7,608	
Office Equipment	2,134	
Total Circuit Court Clerk		118,381
General Sessions Judge		
Judge(s)	$ 82,321	
Probation Officer(s)	16,281	
Dues and Memberships	225	
Postal Charges	44	
Travel	1,247	
Total General Sessions Judge		100,118
Drug Court		
Remittance of Revenue Collected	$ 3,610	
Total Drug Court		3,610

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
Administration of Justice (Cont.)		
Chancery Court		
County Official/Administrative Officer	$ 52,251	
Part-time Personnel	545	
Other Salaries and Wages	23,278	
Dues and Memberships	392	
Postal Charges	403	
Duplicating Supplies	300	
Office Supplies	3,482	
Total Chancery Court		$ 80,651
Juvenile Court		
County Official/Administrative Officer	$ 29,093	
Communication	288	
Dues and Memberships	90	
Postal Charges	176	
Travel	975	
Other Contracted Services	396	
Office Supplies	712	
Other Charges	355	
Total Juvenile Court		32,085
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 57,477	
Deputy(ies)	272,136	
Investigator(s)	29,403	
Salary Supplements	6,000	
Part-time Personnel	32,857	
Overtime Pay	20,185	
Other Salaries and Wages	30,662	
In-Service Training	3,071	
Communication	12,356	
Dues and Memberships	1,500	
Maintenance and Repair Services - Equipment	1,380	
Maintenance and Repair Services - Vehicles	28,766	
Postal Charges	1,502	
Travel	5,662	
Other Contracted Services	15,394	
Gasoline	46,727	
Office Supplies	9,728	
Uniforms	7,994	

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Other Charges	$ 1,610	
Law Enforcement Equipment	3,377	
Office Equipment	20,070	
Other Equipment	13,612	
Total Sheriff's Department		$ 621,469
Jail		
Supervisor/Director	$ 23,267	
Deputy(ies)	370,602	
Maintenance and Repair Services - Buildings	7,994	
Medical and Dental Services	84,895	
Other Contracted Services	4,282	
Custodial Supplies	17,083	
Drugs and Medical Supplies	11,728	
Electricity	47,198	
Food Supplies	49,663	
Law Enforcement Supplies	1,751	
Natural Gas	9,682	
Water and Sewer	7,435	
Other Supplies and Materials	1,568	
Law Enforcement Equipment	1,720	
Other Construction	1,055	
Total Jail		639,923
Juvenile Services		
Assistant(s)	$ 13,700	
Supervisor/Director	20,000	
Youth Service Officer(s)	11,971	
Medical Personnel	12,978	
Medical Insurance	772	
Communication	1,607	
Postal Charges	110	
Other Contracted Services	516	
Natural Gas	300	
Office Supplies	91	
Water and Sewer	120	
Total Juvenile Services		62,165
Work Release Program		
Supervisor/Director	$ 43,281	

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
Public Safety (Cont.)		
Work Release Program (Cont.)		
Probation Officer(s)	$ 114,510	
Accountants/Bookkeepers	11,315	
Secretary(ies)	22,334	
Part-time Personnel	55,689	
Other Salaries and Wages	569	
Other Fringe Benefits	32,993	
Communication	10,940	
Maintenance and Repair Services - Equipment	95	
Postal Charges	686	
Printing, Stationery, and Forms	3,263	
Rentals	12,300	
Travel	4,981	
Other Contracted Services	15,936	
Electricity	3,320	
Natural Gas	537	
Office Supplies	11,910	
Water and Sewer	416	
Other Charges	22,115	
Other Equipment	416	
Total Work Release Program		$ 367,606
Fire Prevention and Control		
Supervisor/Director	$ 17,995	
Contributions	2,500	
Maintenance and Repair Services - Vehicles	4,546	
Other Supplies and Materials	100	
Liability Insurance	41,179	
Other Equipment	2,486	
Total Fire Prevention and Control		68,806
Civil Defense		
Supervisor/Director	$ 20,555	
Communication	210	
Travel	188	
Diesel Fuel	1,611	
Electricity	54	
Natural Gas	63	
Other Equipment	31,057	
Total Civil Defense		53,738

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
Public Safety (Cont.)		
Rescue Squad		
Contributions	$ 10,000	
Total Rescue Squad		$ 10,000
Other Emergency Management		
Supervisor/Director	$ 34,736	
Dispatchers/Radio Operators	175,469	
Part-time Personnel	50,056	
Total Other Emergency Management		260,261
County Coroner/Medical Examiner		
Contracts with Government Agencies	$ 30,849	
Total County Coroner/Medical Examiner		30,849
Public Health and Welfare		
Local Health Center		
Salary Supplements	$ 12,000	
Custodial Personnel	5,100	
Temporary Personnel	1,951	
Communication	2,656	
Maintenance and Repair Services - Buildings	3,200	
Postal Charges	126	
Travel	7	
Other Contracted Services	719	
Custodial Supplies	390	
Drugs and Medical Supplies	1,120	
Electricity	4,525	
Natural Gas	924	
Office Supplies	622	
Water and Sewer	946	
Other Supplies and Materials	11,644	
Other Charges	789	
Other Equipment	736	
Total Local Health Center		47,455
Crippled Children Services		
Contributions	$ 796	
Total Crippled Children Services		796
General Welfare Assistance		
Contracts with Other Public Agencies	$ 5,000	
Total General Welfare Assistance		5,000

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Aid to Dependent Children		
Contributions	$ 455	
Total Aid to Dependent Children		$ 455
Sanitation Education/Information		
Laborers	$ 21,882	
Instructional Supplies and Materials	3,015	
Other Supplies and Materials	3,681	
Total Sanitation Education/Information		28,578
Other Public Health and Welfare		
Supervisor/Director	$ 3,694	
Travel	545	
Total Other Public Health and Welfare		4,239
Social, Cultural, and Recreational Services		
Senior Citizens Assistance		
Supervisor/Director	$ 21,566	
Other Salaries and Wages	22,484	
Communication	1,130	
Contributions	2,500	
Maintenance and Repair Services - Vehicles	68	
Postal Charges	44	
Transportation - Other than Students	11,188	
Electricity	6,780	
Natural Gas	336	
Water and Sewer	418	
Other Supplies and Materials	840	
Total Senior Citizens Assistance		67,354
Libraries		
Supervisor/Director	$ 22,753	
Other Salaries and Wages	21,323	
Communication	948	
Dues and Memberships	85	
Maintenance and Repair Services - Buildings	2,499	
Postal Charges	516	
Travel	1,188	
Data Processing Supplies	532	
Library Books/Media	4,410	
Office Supplies	1,273	

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
Social, Cultural, and Recreational Services (Cont.)		
Libraries (Cont.)		
Other Supplies and Materials	$ 2,075	
Other Charges	3,060	
Data Processing Equipment	2,066	
Office Equipment	114	
Total Libraries		$ 62,842
Parks and Fair Boards		
Supervisor/Director	$ 35,350	
Laborers	10,904	
Part-time Personnel	8,350	
Communication	3,075	
Dues and Memberships	300	
Maintenance and Repair Services - Buildings	2,951	
Maintenance and Repair Services - Equipment	5,989	
Postal Charges	60	
Other Contracted Services	21,260	
Custodial Supplies	6,439	
Electricity	52,576	
Fertilizer, Lime, and Seed	109	
Natural Gas	8,463	
Water and Sewer	9,822	
Other Supplies and Materials	7,295	
Other Charges	6,045	
Building Construction	2,987	
Other Equipment	9,392	
Other Construction	2,928	
Total Parks and Fair Boards		194,295
Agriculture and Natural Resources		
Agriculture Extension Service		
Salary Supplements	$ 34,132	
Other Fringe Benefits	1,599	
Communication	1,239	
Electricity	2,690	
Natural Gas	2,304	
Water and Sewer	584	
Office Equipment	541	
Total Agriculture Extension Service		43,089

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
Agriculture and Natural Resources (Cont.)		
Forest Service		
Forest Resource Services	$ 2,000	
Total Forest Service		$ 2,000
Soil Conservation		
Contributions	$ 1,650	
Total Soil Conservation		1,650
Other Operations		
Industrial Development		
Supervisor/Director	$ 35,000	
Total Industrial Development		35,000
Airport		
Contributions	$ 38,498	
Total Airport		38,498
Veterans' Services		
Supervisor/Director	$ 8,743	
Dues and Memberships	25	
Maintenance and Repair Services - Equipment	400	
Postal Charges	53	
Travel	668	
Office Equipment	246	
Total Veterans' Services		10,135
Other Charges		
Road Signs	$ 500	
Liability Insurance	64,966	
Trustee's Commission	49,477	
Vehicle and Equipment Insurance	9,683	
Workers' Compensation Insurance	64,084	
Other Charges	17,154	
Total Other Charges		205,864
Employee Benefits		
Social Security	$ 151,504	
State Retirement	89,929	
Medical Insurance	119,461	
Unemployment Compensation	17,965	
Employer Medicare	35,432	
Total Employee Benefits		414,291

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)			
Other Operations (Cont.)			
Miscellaneous			
Contributions	$ 10,565		
Dues and Memberships	8,887		
Other Charges	118		
Total Miscellaneous		$ 19,570	
Total General Fund			$ 4,421,211
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Sanitation Management			
Supervisor/Director	$ 27,825		
Truck Drivers	19,903		
Laborers	20,051		
Communication	590		
Maintenance and Repair Services - Buildings	242		
Maintenance and Repair Services - Equipment	6,593		
Maintenance and Repair Services - Vehicles	19,074		
Other Contracted Services	7,802		
Diesel Fuel	18,379		
Electricity	1,976		
Gasoline	12,000		
Natural Gas	1,628		
Tires and Tubes	1,411		
Water and Sewer	544		
Other Charges	1,031		
Solid Waste Equipment	76,373		
Total Sanitation Management		$ 215,422	
Convenience Centers			
Laborers	$ 56,319		
Communication	462		
Maintenance and Repair Services - Buildings	309		
Maintenance and Repair Services - Equipment	122		
Electricity	3,251		
Water and Sewer	1,535		
Other Supplies and Materials	9		
Other Charges	270		
Solid Waste Equipment	719		
Total Convenience Centers		62,996	

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)			
Other Operations			
Other Charges			
Liability Insurance	$ 8,486		
Trustee's Commission	4,402		
Vehicle and Equipment Insurance	3,139		
Workers' Compensation Insurance	12,207		
Surcharge	6,841		
Total Other Charges		$ 35,075	
Employee Benefits			
Social Security	$ 7,585		
State Retirement	2,426		
Medical Insurance	8,818		
Unemployment Compensation	1,769		
Employer Medicare	1,774		
Total Employee Benefits		22,372	
Principal on Debt			
General Government			
Principal on Notes	$ 2,767		
Total General Government		2,767	
Interest on Debt			
General Government			
Interest on Notes	$ 1,419		
Total General Government		1,419	
Total Solid Waste/Sanitation Fund			$ 340,051
Drug Control Fund			
Public Safety			
Drug Enforcement			
Salary Supplements	$ 2,000		
Other Salaries and Wages	1,090		
Social Security	60		
Medical Insurance	350		
Employer Medicare	14		
Trustee's Commission	48		
Total Drug Enforcement		$ 3,562	

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Drug Control Fund (Cont.)			
Other Operations			
Employee Benefits			
Social Security	$ 124		
State Retirement	122		
Employer Medicare	29		
Total Employee Benefits		$ 275	
Total Drug Control Fund			$ 3,837
Constitutional Officers - Fees Fund			
Administration of Justice			
Chancery Court			
Special Commissioner Fees/Special Master Fees	$ 33,322		
Total Chancery Court		$ 33,322	
Total Constitutional Officers - Fees Fund			33,322
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 57,477		
Assistant(s)	27,531		
Accountants/Bookkeepers	27,531		
Advertising	157		
Communication	5,550		
Dues and Memberships	2,228		
Evaluation and Testing	375		
Postal Charges	624		
Printing, Stationery, and Forms	306		
Travel	2,212		
Other Contracted Services	6,592		
Electricity	4,650		
Natural Gas	505		
Office Supplies	1,935		
Water and Sewer	894		
Total Administration		$ 138,567	
Highway and Bridge Maintenance			
Laborers	$ 238,620		
Overtime Pay	25,598		
Asphalt - Cold Mix	13,572		
Asphalt - Liquid	41,163		

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Highway and Bridge Maintenance (Cont.)		
Crushed Stone	$ 71,301	
Custodial Supplies	148	
Pipe	28,990	
Road Signs	303	
Total Highway and Bridge Maintenance		$ 419,695
Operation and Maintenance of Equipment		
Mechanic(s)	$ 85,260	
Overtime Pay	10,956	
Diesel Fuel	53,449	
Equipment and Machinery Parts	55,821	
Gasoline	25,925	
Lubricants	650	
Tires and Tubes	11,073	
Total Operation and Maintenance of Equipment		243,134
Other Charges		
Liability Insurance	$ 33,622	
Trustee's Commission	14,501	
Workers' Compensation Insurance	35,864	
Total Other Charges		83,987
Employee Benefits		
Social Security	$ 35,937	
State Retirement	19,035	
Medical Insurance	91,052	
Unemployment Compensation	715	
Total Employee Benefits		146,739
Capital Outlay		
Other Contracted Services	$ 54,107	
Highway Equipment	10,000	
Office Equipment	1,733	
Total Capital Outlay		65,840
Principal on Debt		
Highways and Streets		
Principal on Bonds	$ 315,000	
Total Highways and Streets		315,000

(Continued)

Exhibit J-6

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)			
Interest on Debt			
Highways and Streets			
Interest on Bonds	$ 46,541		
Total Highways and Streets		$ 46,541	
Total Highway/Public Works Fund			$ 1,459,503
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 305,000		
Principal on Notes	20,458		
Principal on Capital Leases	35,223		
Total General Government		$ 360,681	
Education			
Principal on Bonds	$ 690,000		
Total Education		690,000	
Interest on Debt			
General Government			
Interest on Bonds	$ 383,220		
Interest on Notes	7,561		
Interest on Capital Leases	3,177		
Total General Government		393,958	
Education			
Interest on Bonds	$ 248,583		
Total Education		248,583	
Other Debt Service			
General Government			
Trustee's Commission	$ 5,907		
Other Debt Service	2,173		
Total General Government		8,080	
Education			
Other Debt Service	$ 2,835		
Total Education		2,835	
Total General Debt Service Fund			1,704,137
Total Governmental Funds - Primary Government			$ 7,962,061

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department
For the Year Ended June 30, 2010

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 3,670,793	
Career Ladder Program	60,545	
Career Ladder Extended Contracts	32,845	
Homebound Teachers	2,978	
Educational Assistants	92,367	
Other Salaries and Wages	11,008	
Non-certified Substitute Teachers	80,475	
Social Security	196,660	
State Retirement	242,168	
Medical Insurance	280,742	
Unemployment Compensation	4,375	
Employer Medicare	52,815	
Maintenance and Repair Services - Equipment	8,964	
Other Contracted Services	28,814	
Instructional Supplies and Materials	71,457	
Textbooks	119,996	
Other Supplies and Materials	16,809	
Other Charges	34,180	
Regular Instruction Equipment	127,034	
Total Regular Instruction Program		$ 5,135,025
Alternative Instruction Program		
Other Supplies and Materials	$ 182	
Total Alternative Instruction Program		182
Special Education Program		
Teachers	$ 472,219	
Career Ladder Program	10,227	
Homebound Teachers	3,915	
Speech Pathologist	93,705	
Non-certified Substitute Teachers	15,000	
Social Security	34,139	
State Retirement	37,241	
Medical Insurance	41,974	
Unemployment Compensation	583	
Employer Medicare	7,986	
Other Contracted Services	52,287	
Instructional Supplies and Materials	4,116	
Other Supplies and Materials	4,307	

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Other Charges	$ 1,173	
Special Education Equipment	914	
Total Special Education Program		$ 779,786
Vocational Education Program		
Teachers	$ 337,967	
Career Ladder Program	3,454	
Social Security	20,281	
State Retirement	21,919	
Medical Insurance	15,319	
Unemployment Compensation	283	
Employer Medicare	4,743	
Instructional Supplies and Materials	12,669	
Textbooks	3,900	
Total Vocational Education Program		420,535
Adult Education Program		
Teachers	$ 10,332	
Unemployment Compensation	36	
Employer Medicare	150	
Instructional Supplies and Materials	1,166	
Other Supplies and Materials	150	
Other Equipment	763	
Total Adult Education Program		12,597
Support Services		
Attendance		
Supervisor/Director	$ 76,014	
Clerical Personnel	1,200	
Social Security	3,142	
State Retirement	3,410	
Medical Insurance	3,105	
Unemployment Compensation	75	
Employer Medicare	1,080	
Travel	446	
Other Contracted Services	4,065	
Other Supplies and Materials	1,382	
Attendance Equipment	2,615	
Total Attendance		96,534

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Health Services		
Other Salaries and Wages	$ 63,705	
Social Security	3,940	
State Retirement	3,940	
Medical Insurance	7,350	
Unemployment Compensation	74	
Employer Medicare	921	
Postal Charges	719	
Travel	3,208	
Other Contracted Services	30,806	
Drugs and Medical Supplies	525	
Other Supplies and Materials	15,603	
Health Equipment	6,662	
Total Health Services		$ 137,453
Other Student Support		
Career Ladder Program	$ 4,000	
Guidance Personnel	104,997	
Social Security	6,341	
State Retirement	6,998	
Medical Insurance	6,323	
Employer Medicare	1,483	
Contracts with Other School Systems	187,500	
Evaluation and Testing	9,805	
Travel	71	
Other Charges	3,102	
Total Other Student Support		330,620
Regular Instruction Program		
Supervisor/Director	$ 83,770	
Career Ladder Program	7,800	
Librarians	185,325	
Instructional Computer Personnel	24,600	
Secretary(ies)	94,294	
Social Security	21,344	
State Retirement	20,337	
Medical Insurance	15,228	
Unemployment Compensation	471	
Employer Medicare	5,517	
Maintenance and Repair Services - Equipment	769	

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Regular Instruction Program (Cont.)		
Travel	$ 1,354	
Library Books/Media	15,643	
Other Supplies and Materials	665	
In Service/Staff Development	660	
Total Regular Instruction Program		$ 477,777
Special Education Program		
Supervisor/Director	$ 56,392	
Career Ladder Program	773	
Clerical Personnel	9,650	
Social Security	4,134	
State Retirement	4,125	
Unemployment Compensation	55	
Employer Medicare	967	
Communication	2,818	
Travel	9,614	
Total Special Education Program		88,528
Vocational Education Program		
Supervisor/Director	$ 29,528	
Social Security	1,830	
State Retirement	1,928	
Unemployment Compensation	35	
Employer Medicare	428	
Travel	4,441	
Other Supplies and Materials	364	
In Service/Staff Development	832	
Total Vocational Education Program		39,386
Adult Programs		
Supervisor/Director	$ 58,967	
Career Ladder Program	2,000	
Career Ladder Extended Contracts	2,000	
Other Salaries and Wages	18,700	
Social Security	4,515	
State Retirement	4,925	
Medical Insurance	6,460	
Unemployment Compensation	68	
Employer Medicare	1,056	

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Adult Programs (Cont.)		
Travel	$ 1,372	
Refunds	1,870	
In Service/Staff Development	325	
Total Adult Programs		$ 102,258
Other Programs		
On-Behalf Payments to OPEB	$ 39,903	
Total Other Programs		39,903
Board of Education		
Board and Committee Members Fees	$ 12,000	
Social Security	744	
Unemployment Compensation	62	
Employer Medicare	174	
Audit Services	12,000	
Dues and Memberships	4,911	
Legal Services	9,358	
Judgments	153,804	
Trustee's Commission	72,808	
Workers' Compensation Insurance	43,504	
Refund to Applicant for Criminal Investigation	192	
Other Charges	14,817	
Total Board of Education		324,374
Director of Schools		
County Official/Administrative Officer	$ 91,600	
Career Ladder Program	600	
Social Security	5,526	
State Retirement	5,919	
Medical Insurance	3,248	
Unemployment Compensation	29	
Employer Medicare	1,292	
Communication	14,375	
Postal Charges	1,370	
Travel	1,363	
Other Contracted Services	1,500	
Office Supplies	1,664	
Other Charges	1,677	
Total Director of Schools		130,163

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Office of the Principal		
Principals	$ 225,521	
Career Ladder Program	6,000	
Career Ladder Extended Contracts	4,000	
Social Security	13,423	
State Retirement	15,088	
Medical Insurance	18,967	
Unemployment Compensation	125	
Employer Medicare	3,139	
Communication	4,800	
Total Office of the Principal		$ 291,063
Fiscal Services		
Accountants/Bookkeepers	$ 53,400	
Social Security	3,318	
State Retirement	2,575	
Unemployment Compensation	58	
Employer Medicare	776	
Travel	1,503	
Other Contracted Services	7,435	
Office Supplies	2,878	
Total Fiscal Services		71,943
Operation of Plant		
Custodial Personnel	$ 169,894	
Social Security	10,497	
State Retirement	6,825	
Unemployment Compensation	461	
Employer Medicare	2,455	
Custodial Supplies	44,195	
Electricity	247,479	
Natural Gas	78,881	
Water and Sewer	43,104	
Building and Contents Insurance	85,678	
Other Charges	1,002	
Plant Operation Equipment	9,857	
Total Operation of Plant		700,328
Maintenance of Plant		
Maintenance Personnel	$ 59,822	

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Maintenance of Plant (Cont.)		
Social Security	$ 3,698	
State Retirement	935	
Unemployment Compensation	118	
Employer Medicare	865	
Maintenance and Repair Services - Buildings	41,776	
Maintenance and Repair Services - Equipment	1,382	
Other Contracted Services	13,150	
Gasoline	3,310	
Maintenance Equipment	10,047	
Total Maintenance of Plant		$ 135,103
Transportation		
Supervisor/Director	$ 37,620	
Mechanic(s)	17,640	
Bus Drivers	230,963	
Social Security	17,482	
State Retirement	6,764	
Medical Insurance	2,991	
Unemployment Compensation	677	
Employer Medicare	4,089	
Communication	6,777	
Maintenance and Repair Services - Vehicles	23,589	
Medical and Dental Services	2,100	
Travel	1,103	
Diesel Fuel	82,235	
Garage Supplies	183	
Gasoline	3,649	
Tires and Tubes	10,352	
Other Charges	1,808	
Transportation Equipment	326,758	
Total Transportation		776,780
Operation of Non-Instructional Services		
Food Service		
Supervisor/Director	$ 26,908	
Clerical Personnel	6,500	
Social Security	2,149	
State Retirement	2,120	
Unemployment Compensation	29	

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

General Purpose School Fund (Cont.)		
Operation of Non-Instructional Services (Cont.)		
Food Service (Cont.)		
Employer Medicare	$ 503	
Payments to Schools - Breakfast	136,440	
Payments to Schools - Lunch	347,201	
Payments to Schools - Other	21,064	
Travel	1,423	
USDA - Commodities	49,986	
In Service/Staff Development	720	
Food Service Equipment	23,507	
Total Food Service		$ 618,550
Community Services		
Supervisor/Director	$ 47,835	
Clerical Personnel	960	
Other Salaries and Wages	59,162	
Social Security	6,380	
State Retirement	3,926	
Medical Insurance	7,072	
Unemployment Compensation	194	
Employer Medicare	1,492	
Travel	294	
Food Supplies	1,763	
Other Supplies and Materials	4,427	
Other Equipment	290	
Total Community Services		133,795
Early Childhood Education		
Supervisor/Director	$ 4,575	
Teachers	115,107	
Clerical Personnel	2,000	
Other Salaries and Wages	43,024	
Social Security	9,218	
State Retirement	9,409	
Medical Insurance	9,621	
Unemployment Compensation	230	
Employer Medicare	2,156	
Maintenance and Repair Services - Equipment	2,702	
Travel	1,042	
Food Supplies	1,528	
Other Supplies and Materials	70,409	

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

General Purpose School Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Early Childhood Education (Cont.)			
Other Equipment	$ 26,784		
Total Early Childhood Education		$ 297,805	
Capital Outlay			
Regular Capital Outlay			
Building Improvements	$ 253,861		
Other Equipment	9,999		
Total Regular Capital Outlay		263,860	
Principal on Debt			
Education			
Principal on Notes	$ 61,099		
Total Education		61,099	
Other Debt Service			
Education			
Contributions	$ 397,780		
Total Education		397,780	
Total General Purpose School Fund			$ 11,863,227
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 543,588		
Other Salaries and Wages	2,550		
Social Security	33,856		
State Retirement	35,061		
Medical Insurance	34,189		
Unemployment Compensation	526		
Employer Medicare	7,918		
Other Contracted Services	50,383		
Instructional Supplies and Materials	17,074		
Regular Instruction Equipment	26,849		
Total Regular Instruction Program		$ 751,994	
Special Education Program			
Teachers	$ 87,623		
Educational Assistants	250,420		

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Other Salaries and Wages	$ 45,238	
Social Security	22,762	
State Retirement	18,062	
Medical Insurance	13,373	
Unemployment Compensation	746	
Employer Medicare	5,297	
Maintenance and Repair Services - Equipment	2,919	
Other Contracted Services	25,598	
Instructional Supplies and Materials	20,567	
Other Supplies and Materials	13,785	
Special Education Equipment	24,970	
Total Special Education Program		$ 531,360
Vocational Education Program		
Instructional Supplies and Materials	$ 1,469	
Vocational Instruction Equipment	20,785	
Total Vocational Education Program		22,254
Support Services		
Other Student Support		
Other Salaries and Wages	$ 3,680	
Social Security	228	
State Retirement	236	
Unemployment Compensation	4	
Employer Medicare	53	
Travel	8,870	
Other Contracted Services	1,000	
Other Supplies and Materials	6,538	
In Service/Staff Development	483	
Other Charges	4,654	
Total Other Student Support		25,746
Regular Instruction Program		
Supervisor/Director	$ 49,211	
Social Security	3,032	
State Retirement	3,159	
Unemployment Compensation	10	
Employer Medicare	709	
Travel	4,721	

(Continued)

Exhibit J-7

Decatur County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Decatur County School Department (Cont.)

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Regular Instruction Program (Cont.)			
Other Contracted Services	$ 4,455		
Library Books/Media	5,133		
Other Supplies and Materials	262		
In Service/Staff Development	7,892		
Other Equipment	493		
Total Regular Instruction Program		$ 79,077	
Special Education Program			
Clerical Personnel	$ 9,050		
Social Security	561		
State Retirement	395		
Unemployment Compensation	18		
Employer Medicare	131		
Travel	1,995		
In Service/Staff Development	1,529		
Total Special Education Program		13,679	
Vocational Education Program			
Supervisor/Director	$ 1,440		
Social Security	89		
State Retirement	92		
Employer Medicare	21		
Total Vocational Education Program		1,642	
Transportation			
Bus Drivers	$ 30,070		
Social Security	1,864		
State Retirement	481		
Unemployment Compensation	68		
Employer Medicare	436		
Transportation Equipment	87,008		
Total Transportation		119,927	
Total School Federal Projects Fund			$ 1,545,679
Total Governmental Funds - Decatur County School Department			$ 13,408,906

Exhibit J-8

Decatur County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 724,540
Total Cash Receipts	$ 724,540
Cash Disbursements	
Remittance of Revenue Collected	$ 430,377
Trustee's Commission	7,245
Contributions	286,918
Total Cash Disbursements	$ 724,540
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2009	0
Cash Balance, June 30, 2010	$ 0

SINGLE AUDIT SECTION

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 8, 2010

Decatur County Mayor and
Board of County Commissioners
Decatur County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Decatur County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Decatur County's basic financial statements and have issued our report thereon dated December 8, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Decatur County General Hospital, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Decatur County Emergency Communications District as described in our report on Decatur County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Decatur County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Decatur County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Decatur County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.02, and 10.08.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.03(B), 10.05, 10.07, and 10.10.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Decatur County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.03(A), 10.04, 10.06, and 10.09.

We also noted certain matters that we reported to management of Decatur County in separate communications.

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, County Commission, Board of Education, others within Decatur County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 8, 2010

Decatur County Mayor and
Board of County Commissioners
Decatur County, Tennessee

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Decatur County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Decatur County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Decatur County's management. Our responsibility is to express an opinion on Decatur County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Decatur County's compliance with those requirements and

performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Decatur County's compliance with those requirements.

In our opinion, Decatur County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Decatur County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Decatur County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Decatur County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Decatur County as of and for the year ended June 30, 2010, and have issued our report thereon dated December 8, 2010. Our report was qualified due to not including the financial statements of the Decatur County General Hospital, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Decatur County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the county mayor, director of schools, road supervisor, County Commission, Board of Education, others within the entity, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Decatur County, Tennessee
Schedule of Expenditures and Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Department of Agriculture:				
Passed-through State Department of Agriculture:				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	$ 49,986	(3)
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	136,440	
National School Lunch Program	10.555	N/A	347,201	(3)
Special Milk Program for Children	10.556	N/A	21,064	
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	16,200	
Total U.S. Department of Agriculture			$ 570,891	
U.S. Department of Justice:				
Passed-through State Commission on Children and Youth:				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-10-29433-00	$ 9,000	
Total U.S. Department of Justice			$ 9,000	
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
State and Community Highway Safety	20.600	Z-10-220479-00	$ 8,769	
Total U.S. Department of Transportation			$ 8,769	
U.S. Department of Education:				
Passed-through State Department of Labor and Workforce Development:				
Adult Education - Basic Grants to States	84.002	Z-10-218500-00	$ 94,347	
Passed-through State Department of Education:				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	N/A	547,929	
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	121,575	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	408,418	
Special Education - Preschool Grants	84.173	N/A	43,861	
Special Education - Grants to States, Recovery Act	84.391	N/A	208,246	
Special Education - Preschool Grants, Recovery Act	84.392	N/A	4,444	
Career and Technical Education - Basic Grants to States	84.048	N/A	33,767	
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	8,166	
Twenty-first Century Community Learning Centers	84.287	(2)	1,251	
State Grants for Innovative Programs	84.298	N/A	54,414	
Education Technology State Grants Cluster:				
Education Technology State Grants	84.318	N/A	5,070	
Education Technology State Grants, Recovery Act	84.386	N/A	13,932	
English Language Acquisition Grants	84.365	N/A	1,023	
Improving Teacher Quality State Grants	84.367	N/A	93,583	
State Fiscal Stabilization Fund Cluster:				
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	292,700	
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	139,498	
Total U.S. Department of Education			$ 2,072,224	

(Continued)

Decatur County, Tennessee
Schedule of Expenditures and Federal Awards and State Grants (1) (Cont.)

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Southwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	$ 21,984
Total U.S. Department of Health and Human Services			$ 21,984
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(2)	$ 19,233
Emergency Management Performance Grants	97.042	(2)	11,871
Homeland Security Grant Program	97.067	GG-08-24136-00	27,404
Total U.S. Department of Homeland Security			$ 58,508
Total Expenditures of Federal Awards			$ 2,741,376
State Grants		Contract Number	
Juvenile Justice and Delinquency Prevention - State Department of Children's Services	N/A	GG-10-28468-00	$ 54,815
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	6,447
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	(2)	2,791
Preventive Health and Human Services - State Department of Health	N/A	Z-10-219837-00	18,258
Litter Grant - State Department of Transportation	N/A	(2)	30,490
Early Childhood Education - State Department of Education	N/A	(2)	280,477
Alternative Punishment Program - State Department of Corrections	N/A	(2)	367,041
Total State Grants			$ 760,319

CFDA - Catalog of Federal Domestic Assistance
N/A - Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is $397,187.

Decatur County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Decatur County, Tennessee, for the year ended June 30, 2009, which have not been corrected.

DECATUR COUNTY AND DECATUR COUNTY SCHOOL DEPARTMENT

Finding Number	Page Number	Subject
09.01	176	Decatur County and the Decatur County School Department do not have the resources to produce financial statements and notes to the financial statements

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
09.02	177	The General Fund had a deficit in unreserved fund balance
09.04	178	The office had deficiencies in budget operations
09.05	179	Tax anticipation notes were not retired in compliance with state statutes
09.06	180	Insurance payroll liability accounts were not reconciled monthly

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
09.07	180	Funds were not deposited within three days of collection

OTHER FINDINGS

Finding Number	Page Number	Subject
09.08	181	Financial activity of the Decatur County Library was not audited, and the library was not subject to budgetary control of the County Commission
09.10	182	Duties were not segregated adequately in the Offices of County Mayor, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register

DECATUR COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

2. The audit of the financial statements of Decatur County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.

3. The audit disclosed one instance of noncompliance that is material to the financial statements of Decatur County.

4. The audit disclosed no significant deficiencies in internal control over major programs.

5. An unqualified opinion was issued on compliance for major programs.

6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.

7. The Title I, Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389), the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392), and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. Decatur County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

DECATUR COUNTY AND DECATUR COUNTY SCHOOL DEPARTMENT

FINDING 10.01 **DECATUR COUNTY AND THE DECATUR COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Decatur County's and the Decatur County School Department's financial statements be the product of financial reporting systems that offer reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare their financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Decatur County and the Decatur County School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

OFFICE OF COUNTY MAYOR

FINDING 10.02 **THE GENERAL FUND HAD A DEFICIT IN UNRESERVED FUND BALANCE**
(Internal Control – Material Weakness Under Government Auditing Standards)

The General Fund had a deficit in unreserved fund balance of $156,145 at June 30, 2010. Sound business practices dictate that expenditures be held within available resources. This deficit resulted from management's failure to reduce expenditures while revenues failed to meet projections, and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should liquidate the fund deficit in the General Fund. Expenditures should be closely monitored when revenue estimates are below projections.

FINDING 10.03 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(A. – Noncompliance Under Government Auditing Standards; B. – Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the County Mayor's Office revealed the following deficiencies in budget operations:

A. Expenditures exceeded appropriations as noted below:

1. Expenditures exceeded appropriations approved by the County Commission at the major appropriation category level of control (the legal level of control) in the following funds:

Fund	Major Appropriation Category	Amount Overspent
General	General Sessions Judge	$ 4,958
"	Jail	3,717
"	Other Emergency Management	30,896
"	County Coroner/Medical Examiner	14,849
"	Other Charges	13,714
Solid Waste/ Sanitation	Sanitation Management	1,624

Section 5-9-401, Tennessee Code Annotated states, "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation

and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies."

2. Salaries exceeded line-item appropriations approved in the budget document in the General and Drug Control funds by amounts ranging from $1,090 to $22,505.

   The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and to correct the budgetary deficiencies noted in prior-year audit reports.

B. The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by $1,903. Sound budgetary principles dictate that appropriations should not be approved in excess of estimated available funding. This budget deficiency resulted from a lack of management oversight.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. Appropriations that exceed estimated available funds should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

FINDING 10.04 **TAX ANTICIPATION NOTES WERE NOT RETIRED IN COMPLIANCE WITH STATE STATUTES**
(Material Noncompliance Under Government Auditing Standards)

Our examination of the County Mayor's Office revealed the following deficiencies in the retirement of tax anticipation notes:

A. During the 2007-08 year, the General Fund borrowed $200,000 from the General Debt Service Fund to provide cash for operations. This note should have been retired by June 30, 2008; however, the entire amount of this note was still outstanding on June 30, 2009, and $50,000 of this debt was still outstanding on June 30, 2010.

B. During the 2008-09 year, the General and Solid Waste/Sanitation funds borrowed $200,000 and $75,952, respectively, from the General Debt Service Fund to provide cash for operations. These notes should have been repaid by June 30, 2009. On May 25, 2010, the Solid Waste/Sanitation Fund repaid $30,000 to the General Debt Service Fund. As of June 30 2010, the General and Solid Waste/Sanitation funds still owed the General Debt Service Fund $200,000 and $45,952, respectively.

The above-mentioned notes were not retired by June 30, 2010, because of cash flow problems. It should be noted that these notes have not been retired as of December 8, 2010.

Section 9-21-801, Tennessee Code Annotated, authorizes the County Commission to issue tax anticipation notes with the approval of the state Comptroller's Office provided the notes are retired by the end of the fiscal year issued. These notes have been reflected in the financial statements of this report as Due from Other Funds in the General Debt Service Fund and Due to Other Funds in the General and Solid Waste/Sanitation funds.

RECOMMENDATION

Tax anticipation notes should be retired prior to the end of the fiscal year issued as required by state statute.

FINDING 10.05 **INSURANCE PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED MONTHLY**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

General ledger payroll liability accounts for employee insurance deductions in the General, Solid Waste/Sanitation, and Drug Control funds were not reconciled monthly with insurance invoices and payments. Sound business practices dictate that these reconciliations be performed monthly. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The failure to regularly reconcile insurance payroll liability accounts with insurance payments and invoices allows errors to remain undiscovered and uncorrected.

RECOMMENDATION

Insurance payroll liability accounts should be reconciled monthly with insurance invoices and payments, and any errors discovered should be corrected promptly.

OFFICE OF SHERIFF

FINDING 10.06 **SOME FUNDS WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under Government Auditing Standards)

The Sheriff's Department did not deposit some collections to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. During the period under examination, as many as nine days elapsed between the date funds were received and the date funds were deposited in the bank. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. Failure to deposit collections within three days weakens internal controls over funds and increases the risk for loss or theft.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the department should deposit funds in the office bank account within three days of collection as required by state statute.

FINDING 10.07 **THE OFFICE HAD NUMEROUS ACCOUNTING DEFICIENCIES**
Internal Control – Significant Deficiency Under Government Auditing Standards)

The following deficiencies were noted during our examination of the office's accounting records. These deficiencies can be attributed to a lack of understanding of internal controls, generally accepted accounting principles, and sound business practices.

A. The official cash journal was not properly maintained. Column totals were not carried forward from one page to the next page, and ending balances for the month were not carried forward to the next month. Also, numerous posting errors were not corrected. It should be noted that cash receipts, disbursements, and ending balances for this office were determined by substantive testing and alternative auditing procedures.

B. Since the official cash journal was not properly maintained as noted above, bank statements were not reconciled with cash journal controls. The failure to regularly reconcile bank statements with accounting records is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. The bank balance for June 30, 2010, was determined by substantive testing and alternative auditing procedures.

C. The Sheriff's Department did not reconcile the balance in the commissary bank accounts with the subsidiary inmate records for the period August 2009 through April 2010 because the Sheriff's Department did not have the technical skills to retrieve reports from the commissary software application and because of numerous posting errors. In May 2010, the commissary

software company corrected the numerous errors and provided instruction to staff on how to retrieve the reports.

RECOMMENDATION

The cash journal should be properly maintained and bank statements should be reconciled with cash journal controls monthly. Sheriff's Department personnel should have the technical skills to generate available reports from their commissary software application and to reconcile the reports with receipts, disbursements, and cash balances. Also, any errors discovered should be corrected timely.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 10.08 **DECATUR COUNTY HAS MATERIAL RECURRING AUDIT FINDINGS**
(Internal Control – Material Weakness Under Government Auditing Standards)

Decatur County has material audit findings that have been reported in its annual financial reports for three or more consecutive years. The recurring material findings are listed below:

Finding Numbers	Description
10.01, 09.01, 08.01	Decatur County and the Decatur County School Department do not have the resources to produce financial statements and notes to the financial statements
10.04, 09.05, 08.05	Tax anticipation notes were not retired in compliance with state statutes

The recurring nature of the above-noted findings indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Decatur County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Decatur County may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

FINDING 10.09 **CERTAIN FINANCIAL ACTIVITY OF THE DECATUR COUNTY PUBLIC LIBRARY WAS NOT AUDITED AND WAS NOT SUBJECT TO THE BUDGETARY CONTROL OF THE COUNTY COMMISSION**

(Noncompliance Under Government Auditing Standards)

The Decatur County Public Library operates as a department within the county's General Fund. A significant portion of the library's expenditures for the year was paid through the county's General Fund ($62,842), which is included in the financial statements of this report. However, the Library Board maintained two checking accounts and one certificate of deposit outside of the county's control to deposit various revenues and to pay certain operating expenses. The balance of the two checking accounts and the certificate of deposit totaled $118,025 at June 30, 2010. Section 5-9-401, Tennessee Code Annotated (TCA), states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." Also, Section 10-3-106, TCA, states that "all library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body." This deficiency remains uncorrected from prior years as a result of management's failure to take corrective action. Therefore, the funds channeled through the Library Board's bank accounts, including the certificate of deposit, did not flow through the county's budgetary process, have not been audited, and are not included in the financial statements of this report. We do not consider the exclusion of these amounts to be material to the financial statements of this report.

RECOMMENDATION

The Decatur County Public Library should remit all collections to the county's General Fund. All revenues and expenditures related to the library's operation should be audited and subject to the budgetary control of the County Commission as required by state statutes.

FINDING 10.10 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register. The employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

BEST PRACTICE

A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED

Decatur County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Decatur County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

DECATUR COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.